EXHIBIT 18

Rosiglitazone maleate (marketed as Avandia)

FDA ALERT [5/2007]: FDA is aware of a potential safety issue related to Avandia (rosiglitazone maleate). Safety data from a pooled analysis of controlled clinical trials have shown a significant increase in the risk of heart attack and heart-related deaths in patients taking Avandia. However, other published and unpublished data from long-term clinical trials of Avandia provide contradictory evidence about the risk of ischemic cardiovascular events in patients taking Avandia. FDA's review of all available data is ongoing. FDA has not confirmed the clinical significance of the reported increased risk of ischemic cardiovascular events in the context of other studies. Myocardial ischemic events are currently described in the WARNINGS section of the Avandia label. FDA does not know whether the other approved medication in the same pharmacologic class or other oral drugs for treating type 2 diabetes have less, the same, or greater risks. Switching diabetic patients to other therapies also confers its own risks. For those reasons, FDA is providing this emerging information to prescribers so that they and their patients can make individualized treatment decisions.

This information reflects FDA's current analysis of available data concerning this drug. Posting this information does not mean that FDA has concluded there is a causal relationship between the drug product and the emerging drug safety issue Nor does it mean that FDA is advising health care professionals to discontinue prescribing the product. FDA is considering, but has not reached a conclusion about, whether this information warrants any regulatory action. FDA intends to update this sheet when additional information or analyses become available.

To report any serious adverse events associated with the use of this drug, please contact the FDA MedWatch program using the contact information at the bottom of this page.

FDA has received additional safety information, a pooled analysis of 42 clinical studies for the treatment of type 2 diabetes mellitus, from the manufacturer of Avandia, GlaxoSmithKline. The data from these studies and the associated analyses are complex and are currently being reviewed by the FDA. In the meantime, FDA is providing information on the initial results of these analyses. The degree of risk of Avandia related to ischemic cardiovascular events is not yet certain.

Recommendations and Considerations

Avandia's current prescribing information includes data in the WARNINGS section about cardiac adverse events (congestive heart failure and ischemic events). These warnings can be found in the current prescribing information available at: http://www.fda.gov/cder/foi/label/2007/021071s023lbl.pdf. Healthcare professionals should consider this and other available data when making individual treatment decisions for their patients with type 2 diabetes.

Background Information and Data

Rosiglitazone maleate (marketed as Avandia)

FDA has received data from several different clinical studies of Avandia for treatment of type 2 diabetes. These studies vary with respect to the study design (e.g., pooled analysis, individual randomized controlled clinical trial, observational epidemiological study), patient populations enrolled, treatment groups, and length of patient follow-up. The studies analyzed to date have shown different rates of ischemic cardiovascular events. Based on these data, the risk of ischemic cardiovascular events remains unclear. Following are summaries of the studies and data.

Clinical Trial Data - Pooled Analysis of 42 Studies

FDA has received the pooled data from 42 separate double-blinded, randomized controlled clinical trials to assess the efficacy of Avandia for treatment of type 2 diabetes compared to a variety of alternative therapies. The combined studies included 8,604 patients on Avandia and 5,633 patients randomized to a variety of alternative therapeutic regimens, including placebo. In general, these studies had differing primary efficacy endpoints; they were not designed to thoroughly investigate cardiovascular safety. Treatment groups varied and included Avandia alone or in combination with insulin, sulfonylureas, and/or metformin. The comparator arms were varied and included placebo alone or as an add-on treatment to other anti-diabetic agents, and other active anti-diabetic treatment regimens. The combined patient population was diverse, including patients with average duration of diabetes ranging from 5 to 13 years as well as patients with significant risk factors for cardiovascular disease (e.g., history of myocardial infarction, bypass surgery, stroke, peripheral vascular disease, and NYHA Class 1 and 2 heart failure). All but four studies were of six months in duration. In this pooled analysis as submitted by GlaxoSmithKline, the overall incidence of myocardial ischemia in Avandia-treated subjects relative to the comparators was 1.99% vs. 1.51% with a hazard ratio of 1.31 (95% CI 1.01-1.70). This risk equates to a more than 30% excess risk of myocardial ischemic events in Avandia-treated patients.

Balanced Cohort Study of Coronary Heart Disease Outcomes in Patients Receiving Anti-diabetic Agents

The Balanced Cohort Study is an observational study of 33,363 patients using a managed care database. Propensity matching was used to match risk factors for cardiovascular disease and other considerations for patients initiating therapy. About 90% of the patients had no history of cardiovascular disease. The composite cardiovascular endpoint was hospitalizations for myocardial infarction and coronary revascularization. Patients included in this study began treatment with Avandia between 2000 and 2004. The treatment groups were monotherapy with Avandia, metformin, or sulfonylurea; oral dual therapy combinations, and insulin combinations. Follow-up was 1.2 years. The incidence of the composite cardiovascular endpoint was 1.75

Rosiglitazone maleate (marketed as Avandia)

events per 100 patient-years for the Avandia-containing regimens and 1.76 events per 100 patient-years for other treatments (hazard ratio 0.93; 95% CI 0.80-1.10).

A Diabetes Outcomes Progression Trial (ADOPT)

ADOPT is a randomized, double-blind study of 4,351 patients that compared rosiglitazone, metformin, or glyburide monotherapy on the improvement of and maintenance of glycemic control in patients newly diagnosed with type 2 diabetes. Patients with underlying cardiovascular disease were excluded. Median follow-up was 4 years. The myocardial ischemic event hazard ratios for rosiglitazone vs. metformin; rosiglitazone vs. glyburide; and metformin vs. glyburide were 0.96 (95% CI 0.66, 1.38), 1.16 (95% CI 0.78, 1.73) and 1.22 (95% CI 0.082, 1.80), respectively. The results of the ADOPT trial have been published, see the *New England Journal of Medicine* 355;23 pg 2427-2443 December 7, 2006. These data do not support an ischemic risk of rosiglitazone relative to metformin (the first line therapy for type 2 diabetes and a drug that has been shown to lower long term cardiovascular risk).

The Diabetes Reduction Assessment with Ramipril and Rosiglitazone Medication (DREAM) Study

The DREAM study is a placebo-controlled, randomized, double-blind clinical trial in pre-diabetic patients designed to determine if the use of early treatment with medication could forestall the development of overt type 2 diabetes. The study was conducted in nearly 5,300 patients who were randomized to either rosiglitazone or placebo and were followed-up for a mean duration of 3 years. The study also was intended to examine whether Avandia and/or ramipril delayed onset of overt type 2 diabetes. Therefore the trial used a factorial design, with patients randomized to any of four treatment arms: placebo with placebo; rosiglitazone with placebo; placebo with ramipril; and rosiglitazone with ramipril. This study, as reported in the Lancet, showed an effect of rosiglitazone in delaying the development of type 2 diabetes (not found with ramipril) in these prediabetic patients. GSK has shared with FDA an analysis of the data for Avandia alone versus placebo which showed no increased risk of myocardial infarction, stroke or cardiovascular death with Avandia. FDA has not received the DREAM study data so cannot independently evaluate these data at this time. However, GSK recently received the data from McMaster University and will be submitting it soon to FDA for review.

The Rosiglitazone Evaluated for Cardiac Outcomes and Regulation of Glycaemia in Diabetes (RECORD) Study

The RECORD study is a large, ongoing, randomized, open-label trial evaluating cardiovascular outcomes in patients treated with Avandia as add-on therapy to either metformin or sulfonylurea

Rosiglitazone maleate (marketed as Avandia)

in comparison to metformin and a sulfonylurea. It is a post-marketing, non-inferiority safety study of rosiglitazone vs. combined controls with a primary endpoint of cardiovascular death and hospitalization (including congestive heart failure). Cardiac events are being adjudicated in a blinded fashion to treatment assignment by a Cardiovascular Endpoints Committee.

Over 300 study centers in 25 countries in Europe are involved in the conduct of this study with each center attempting to enroll 10 to 20 patients. This non-IND study (done outside the United States and without input to the protocol or study design by the FDA) started in 2001 and completed enrollment in 2003, with over 4400 patients enrolled and proposed to be followed for 5 years. This study is still ongoing with the last patient reaching the duration of follow-up targeted in late 2008. This study has regularly been monitored by a data monitoring committee aware of the apparent elevation in cardiovascular ischemic risk from the pooled analysis. The Committee has not called for study cessation. Further, FDA has been allowed to see the results of a recent interim safety analysis and these interim data will be taken into account in FDA's considerations and actions. However, to preserve the study integrity, FDA is not explicitly commenting on these analyses.

Next Steps for FDA

FDA's Office of New Drugs, Office of Surveillance and Epidemiology, and Office of Biostatistics are collaborating to evaluate the data from the pooled analysis of 42 randomized clinical trials of Avandia, in the context of all other available data. As information becomes available from the continued analysis of the 42 clinical studies and from other ongoing clinical studies, FDA will communicate this information to ensure that healthcare professionals and patients have the information necessary to make appropriate therapeutic decisions. FDA will take the issue of cardiovascular risk associated with Avandia and other drugs in this pharmaceutical class to a public Advisory Committee meeting as soon as one can be convened. In the interim, healthcare professionals should factor this new information into their individual treatment decisions for their patients.

EXHIBIT 19

Press Release

GlaxoSmithKline

Issued: 8th February 2006, London

Preliminary Announcement of Results for the year ended 31st December 2005

Excellent 2005 performance for GSK

Full Year EPS up 18% CER (21% reported); Q4 EPS up 33% CER (47% reported)

GlaxoSmithKline plc (GSK) today announces its results for the year ended 31st December 2005. The full results, which have been prepared under IFRS, are presented under 'Income Statement' on pages 7 and 8, and are summarised below.

FINANCIAL RESULTS*

	2005 £m	Growth CER%	Growth £%	Q4 2005 £m	Growth CER%	Growth £%
Turnover	**21,660**	7	8	**5,907**	8	13
Operating profit	6,874	16	19	1,633	20	32
Profit before tax	6,732	13	16	1,606	11	21
Earnings per share	**82.6p**	18	21	**19.8p**	33	47

SUMMARY*

- **Excellent 2005 financial performance:**
  - EPS growth of 18% CER to 82.6p, with growth in Q4 of 33% CER to 19.8p
  - 2005 dividend of 44p
- **Key growth products drive 2005 pharma turnover +8% to £18.7 billion:**
  - *Seretide/Advair* sales exceed £3 billion, up 22%
  - *Avandia/Avandamet* for diabetes +18% to £1.3 billion
  - Vaccines +15% to £1.4 billion
- **Significant pipeline progress:**
  - 7 products to be approved/launched during 2006
  - 7 product filings planned for 2006. *Cervarix* expected to be filed in the EU in March 2006 and in the USA before the end of 2006
  - Late-stage pipeline continues to expand with 8 major assets expected to enter phase III development during 2006
- **Financial outlook:**
  - 2006 earnings per share growth expected to be around 10% in CER terms

Commenting on the 2005 performance and GSK's outlook, JP Garnier, Chief Executive Officer, said: "GSK's fourth quarter performance was a great finish to an excellent year for the company. Looking into 2006, the strong growth seen from key products such as *Seretide/Advair*, *Avandia* and from our vaccines business is set to continue, and we expect further good news on GSK's late-stage pipeline. Eight major assets are scheduled to enter phase III in 2006 – this will double the number of assets in late-stage development. I am also delighted that *Cervarix*, our cervical cancer vaccine, is expected to be filed for approval in Europe in the next few weeks and in the USA before the end of the year."

* The Group's practice is to discuss its results in terms of constant exchange rate (CER) growth. All commentaries compare 2005 results with 2004 in CER terms unless otherwise stated. See 'Accounting Presentation and Policies' on page 22 for fuller explanations of these matters.

PRODUCT UPDATE

Strong performance of key growth drivers:

- Total pharmaceutical turnover grew 8% to £18.7 billion in 2005, with balanced growth across all regions: USA (+8% to £9.1 billion), Europe (+8% to £5.6 billion) and International markets (+9% to £4.0 billion).

- GSK's biggest-selling product, ***Seretide/Advair*** for asthma and COPD, continues to perform well with sales up 22% to just over £3 billion.

  US sales rose 26% to £1.7 billion, with continued gains in market share throughout the year. Sales were strong in both European and International markets – both up 16% to £1.0 billion and £0.3 billion respectively.

  Headline data from TORCH, a landmark *Advair* study treating 6,000 COPD patients, are expected by mid-2006. This is the first study of its kind aiming to demonstrate reduced mortality in COPD.

- ***Avandia/Avandamet*** (+18% to £1.3 billion) continues to maintain its leadership position in the TZD class of anti-diabetic agents. In the USA, sales grew 14% to £977 million. *Avandia/Avandamet* is also establishing a strong position in Europe, with sales rising 52% to £157 million helped by the launch of *Avandamet* throughout the region. Sales in International markets rose 13% to £195 million.

  Avandaryl, GSK's once-daily combination of *Avandia* + Amaryl (a sulfonylurea) was launched in the USA on 1st February 2006. EU approval is expected in Q2 2006.

  Two major outcome studies involving *Avandia* are due to report by the end of 2006. ADOPT investigates first line use of *Avandia* in type 2 diabetes, and DREAM, the earlier use of *Avandia* to delay or prevent disease progression.

- Other key growth drivers for the year included: ***Valtrex*** for herpes (+21% to £695 million), ***Coreg*** for heart disease (+32% to £573 million) and ***Lamictal*** for epilepsy and bi-polar disorder (+24% to £849 million).

Strong sales and strategic moves boost vaccines business:

- GSK's **vaccines** business performed well with total sales rising 15% to £1.4 billion, led by ***Infanrix***. Vaccine sales were particularly strong in the USA, where turnover rose 26% to £338 million, helped by the launch of two new products – ***Fluarix*** and ***Boostrix***.

  In December, the company completed the acquisition of ID Biomedical Corporation for approximately £0.9 billion. Approval of IDB's ***Fluviral*** flu vaccine is expected in time for the 2006/07 flu season.

  Also in December, GSK submitted a "mock-up" dossier to the EMEA for accelerated approval of a potential **pandemic influenza vaccine**. GSK expects to begin clinical trials in the coming weeks on its H5N1 prototype pandemic vaccine using two different adjuvants: "alum" and a newly developed adjuvant. The company is in discussions with governments around the world on plans to "prime" populations and stockpile the vaccine. GSK expects to complete its filing in Europe in 2006.

Rapid uptake of high-potential new products:

- ***Requip*** sales rose 34% to £156 million. Weekly new prescriptions for the product have quadrupled in the USA since it was launched for Restless Legs Syndrome in Q2 2005. EU launch of *Requip* (*Adartrel*) for RLS is planned for Q2 2006.

- ***Avodart*** for benign prostatic hyperplasia (enlarged prostate) had a very strong year with sales doubling to £129 million. The product now accounts for 42% of new prescriptions in the US 5-Alpha Reductase Inhibitor market.

- ***Boniva/Bonviva***, a new once-monthly oral bisphosphonate for the treatment of osteoporosis, which was developed with Roche, had a strong launch in the USA and now has a 10% share of new prescriptions for oral bisphosphonates. *Boniva* injection, the first-ever quarterly treatment for osteoporosis, was approved in the USA in January 2006 and received a positive opinion from the CHMP in Europe on 27th January.

Other significant products:

- GSK's **HIV** business grew 5% to £1.6 billion, with sales from new products ***Epzicom/Kivexa*** and ***Lexiva*** (together more than doubling to £226 million) offsetting the performance of ***Trizivir*** (down 6% to £303 million) and ***Epivir*** (down 12% to £261 million).

- Total ***Wellbutrin*** sales fell 2% to £739 million. *Wellbutrin IR* and *SR* sales fell 68% to £92 million due to generic competition but this was largely offset by the very strong performance of ***Wellbutrin XL*** (+38% to £647 million). In February 2006, GSK is expected to file *Wellbutrin XL* for approval in several European markets.

- Total ***Paxil*** sales fell 42% to £615 million, due to generic competition and the interruption in supply to *Paxil CR* during the year.

NEW PRODUCT APPROVALS/LAUNCHES

7 products expected to be approved/launched in 2006:

- ***Rotarix***, GSK's innovative 2 dose oral vaccine for the prevention of rotavirus gastroenteritis in infants, received a positive opinion from the CHMP in December and EU launch is expected in Q2 2006. *Rotarix* has already been approved in 31 markets, including Brazil where the government will provide the vaccine to the public market.

- Positive phase III data in bowel resection patients have recently been received for ***Entereg***, an opioid antagonist in development with Adolor Corporation for the treatment of post-operative ileus. These data will be used to respond to the FDA's approvable letter. *Entereg* is also in Phase III development for gastro-intestinal adverse affects of opioids used for consistent pain relief.

- ***Arranon***, a new option for children and adults with treatment resistant T-cell acute lymphoblastic leukaemia and T-cell lymphoblastic lymphoma was launched in January.

- GSK launched ***Avandaryl*** (diabetes) in February 2006 and expects to launch several other key products during the year including ***Altabax*** (retapamulin for skin infections), ***Coreg CR*** (heart failure) and ***Trexima*** (migraine).

LATE-STAGE PIPELINE UPDATE

7 product filings planned in 2006:

- GSK plans to file ***Cervarix***, the company's HPV vaccine for cervical cancer, in the EU in March 2006 and in the USA before the end of the year. Filings in international markets will also begin in March.

- GSK's potential **pandemic influenza vaccine** is expected to complete its filing in Europe in 2006.

- ***Allermist***, GSK's intranasal steroid for allergic rhinitis, remains on track for filing in the USA and Europe by the middle of 2006. Filing in Japan is to follow in H2 2006.

- **Eltrombopag**, GSK's oral platelet growth factor for patients suffering from thrombocytopenia, is expected to enter phase III shortly and the company plans to file an indication for Idiopathic Thrombocytopenia Purpura by the end of 2006/H1 2007 depending on discussions with regulatory authorities.

- GSK expects to file ***Tykerb***, an innovative once-daily oral treatment for breast cancer, in late 2006/H1 2007. GSK continues to investigate the use of *Tykerb* to treat other cancers. Data received in the quarter showed a survival benefit in renal cancer patients who over-express EGFR. Current treatment options for renal cancer are limited and these data, along with clinical studies on inflammatory breast cancer and brain metastases, have been submitted for presentation to ASCO in June 2006.

- **Mepolizumab** phase III data in hypereosinophilic syndrome are expected in mid 2006, which should enable a filing in the USA and Europe by the end of the year.

- ***Lamictal XR***, a once-daily formulation for epilepsy, is expected to be filed in the USA in 2006.

Late-stage pipeline to expand significantly in 2006:

- In 2006, GSK expects 8 major assets to enter phase III development.

brecanavir (protease inhibitor for HIV)
casopitant (NK-1 antagonist for emesis)
denagliptin (DPP-IV inhibitor for type 2 diabetes)
lymphostat-B (for lupus)
pazopanib (VEGF inhibitor for cancer)
meningitis vaccines
rosiglitazone XR (for Alzheimer's disease)
***Avandia* + simvastatin** (diabetes and high cholesterol)

Other pipeline news:

- Phase III data in osteoarthritis patients treated with '381, GSK's COX-2 inhibitor for treatment of pain, were recently received. Preliminary analysis of the data was not encouraging and further analysis is now underway.

CONSUMER HEALTHCARE UPDATE

Consumer Healthcare sales grew 2% to £3.0 billion. Sales grew 6% in International markets and 3% in Europe. Sales in North America were down 1%, primarily due to the impact of product divestments in 2004.

- **Nutritional healthcare** products sales grew 7% to £619 million. ***Lucozade*** (+11%) continued to grow strongly in Europe.

- **Oral care** sales grew 2% to £943 million. Sales of ***Sensodyne*** and the denture care brands ***(Polident, Poligrip and Corega)*** grew by 12% and 6%, respectively, helping to offset lower sales of other toothpaste products.

- **Over-the-counter** medicine sales were £1,437 million (+1%). Growth from the analgesics (+6%) and respiratory tract (+5%) medicines helped offset the loss of sales from the divested products. ***Panadol*** (+12%) in International markets was the key driver of the growth for analgesics.

On 23rd January, an FDA Advisory Committee recommended that ***Alli*** (orlistat) be approved for over-the-counter use in the USA to promote weight loss in overweight adults, when used along with a reduced calorie, low-fat diet. If approved, *Alli* will be the only FDA approved weight-loss drug available over-the-counter.

FINANCIAL REVIEW

These results have been prepared under International Financial Reporting Standards (see 'Accounting Presentation and Policies' on page 22).

Operating profit and earnings per share – full year

Operating profit of £6,874 million grew by 16%, which was above the turnover growth of 7%, reflecting flat SG&A costs (including lower costs for legal matters) and higher gains from asset disposals. These were partly offset by an increase in restructuring charges relating to cost saving programmes. Cost of sales and R&D each grew 8%, broadly in line with sales growth.

Profit after taxation for the year grew 17%, which was broadly in line with the operating profit growth of 16% due to a lower tax rate in the year offset by a profit on disposal of associates in 2004 with no equivalent profit in 2005.

In the year, gains from asset disposals, including associates, were £290 million (£295 million in 2004), costs for legal matters were £430 million (£595 million in 2004) and charges related to cost saving programmes were £141 million (£104 million in 2004).

EPS of 82.6 pence increased 18% in CER terms (21% in sterling terms) compared with 2004. The favourable currency impact of 3% on EPS, reflected a stronger US dollar and Euro.

Operating profit and earnings per share – Q4 2005

Operating profit of £1,633 million grew by 20%, which was above the turnover growth of 8%, primarily due to lower legal costs and lower growth in other SG&A costs. These were partly offset by increased R&D expenditure and lower gains from asset disposals. Cost of sales increased in line with sales growth.

Consumer Healthcare operating profit declined 12% in the quarter reflecting profit from the disposal of dermatological brands in Q4 2004. Net of this Consumer Healthcare operating profit grew 10%.

Profit after taxation for the quarter grew 31%, which was higher than the operating profit growth of 20%. This was due to a lower tax rate in the quarter compared to Q4 2004, partly offset by there being no profit on disposal of associates in 2005.

In the quarter, gains from asset disposals, including associates, were £12 million (£165 million in 2004), costs for legal matters were £132 million (£253 million in 2004) and charges related to cost saving programmes were £59 million (£79 million in 2004).

EPS of 19.8 pence increased 33% in CER terms (47% in sterling terms) compared with 2004. The 14% increase in EPS attributable to favourable foreign exchange rate movements arose partly from exchange gains on inter-company settlements compared with exchange losses in Q4 2004, and reflected a considerably stronger US dollar.

Currencies

The 2005 results are based on average exchange rates, principally £1/$1.82, £1/Euro 1.46 and £1/Yen 200. The period-end exchange rates were £1/$1.72, £1/Euro 1.46 and £1/Yen 203. At 31st January 2006 the exchange rates were £1/$1.78, £1/Euro 1.46 and £1/Yen 208. If exchange rates were to hold at this level for the remainder of 2006, the currency impact on earnings per share growth would be 1% to 2% favourable for the full year.

Dividend

On 8th February 2006, the Board declared a fourth interim dividend of 14 pence per share, resulting in a dividend for the year of 44 pence, a 2 pence increase over the dividend of 42 pence per share for 2004. The equivalent dividend receivable by ADR holders is 48.7480 cents per ADS based on an exchange rate of £1/$1.7410. The dividend will have an ex-dividend date of 15th February 2006, a record date of 17th February 2006 and will be paid on 6th April 2006.

Earnings guidance

2006 earnings per share growth is expected to be around 10% in CER terms.

Share buy-back programme

GSK repurchased £1 billion of shares in 2005 and expects to repurchase a further £1 billion in 2006. The exact amount and timing of future purchases, and the extent to which repurchased shares will be held as Treasury shares rather than being cancelled, will be determined by the company and is dependent on market conditions and other factors.

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information including a copy of this announcement and details of the company's updated product development pipeline, visit GSK at www.gsk.com.

Enquiries:	**UK Media**	Philip Thomson	(020) 8047 5502
		David Mawdsley	(020) 8047 5502
		Chris Hunter-Ward	(020) 8047 5502
		Alice Hunt	(020) 8047 5502
	US Media	Nancy Pekarek	(215) 751 7709
		Mary Anne Rhyne	(919) 483 2839
		Patricia Seif	(215) 751 7709
	European Analyst / Investor	Duncan Learmouth	(020) 8047 5540
		Anita Kidgell	(020) 8047 5542
		Jen Hill	(020) 8047 5543
	US Analyst / Investor	Frank Murdolo	(215) 751 7002
		Tom Curry	(215) 751 5419

Cautionary statement regarding forward-looking statements

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the 'Operating and Financial Review and Prospects' in the company's Annual Report 2004.

INCOME STATEMENT
Year ended 31st December 2005

	2005 £m	Growth CER%	2004 £m
Turnover:			
Pharmaceuticals	**18,661**	**8**	17,100
Consumer Healthcare	**2,999**	**2**	2,886
TURNOVER	**21,660**	**7**	19,986
Cost of sales	**(4,764)**	**8**	(4,360)
Gross profit	**16,896**	**7**	15,626
Selling, general and administration	**(7,250)**	**-**	(7,201)
Research and development	**(3,136)**	**8**	(2,904)
Other operating income	**364**		235
Operating profit:			
Pharmaceuticals	**6,159**	**17**	5,126
Consumer Healthcare	**715**	**11**	630
OPERATING PROFIT	**6,874**	**16**	5,756
Finance income	**257**		176
Finance expense	**(451)**		(362)
Share of after tax profits of associates and joint ventures	**52**		60
Profit on disposal of interest in associates	**-**		149
PROFIT BEFORE TAXATION	**6,732**	**13**	5,779
Taxation	**(1,916)**		(1,757)
Tax rate %	***28.5%***		*30.4%*
PROFIT AFTER TAXATION FOR THE YEAR	**4,816**	**17**	4,022
Profit attributable to minority interests	**127**		114
Profit attributable to shareholders	**4,689**		3,908
EARNINGS PER SHARE	**82.6p**	**18**	68.1p
Diluted earnings per share	**82.0p**		68.0p

INCOME STATEMENT
Three months ended 31st December 2005

	Q4 2005 £m	Growth CER%	Q4 2004 £m
Turnover:			
Pharmaceuticals	**5,108**	**10**	4,475
Consumer Healthcare	**799**	**1**	761
TURNOVER	**5,907**	**8**	5,236
Cost of sales	**(1,298)**	**8**	(1,176)
Gross profit	**4,609**	**9**	4,060
Selling, general and administration	**(2,040)**	**(2)**	(2,045)
Research and development	**(968)**	**11**	(853)
Other operating income	**32**		79
Operating profit:			
Pharmaceuticals	**1,440**	**27**	1,032
Consumer Healthcare	**193**	**(12)**	209
OPERATING PROFIT	**1,633**	**20**	1,241
Finance income	**85**		31
Finance expense	**(125)**		(70)
Share of after tax profits of associates and joint ventures	**13**		16
Profit on disposal of interest in associates	**-**		104
PROFIT BEFORE TAXATION	**1,606**	**11**	1,322
Taxation	**(455)**		(521)
Tax rate %	***28.3%***		*39.4%*
PROFIT AFTER TAXATION FOR THE PERIOD	**1,151**	**31**	801
Profit attributable to minority interests	**29**		27
Profit attributable to shareholders	**1,122**		774
EARNINGS PER SHARE	**19.8p**	**33**	13.5p
Diluted earnings per share	**19.6p**		13.5p

PHARMACEUTICAL TURNOVER
Year ended 31st December 2005

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**5,054**	**14**	**2,580**	**17**	**1,660**	**8**	**814**	**13**
Seretide/Advair	3,003	22	1,687	26	1,033	16	283	16
Flixotide/Flovent	638	2	262	4	188	(3)	188	3
Serevent	330	(7)	104	(20)	160	(3)	66	12
Flixonase/Flonase	656	13	506	12	60	(1)	90	27
CENTRAL NERVOUS SYSTEM	**3,219**	**(8)**	**2,051**	**(10)**	**704**	**(7)**	**464**	**2**
Seroxat/Paxil	615	(42)	133	(75)	187	(26)	295	-
Paxil IR	488	(27)	18	(87)	187	(26)	283	(1)
Paxil CR	127	(68)	115	(70)	-	-	12	40
Wellbutrin	739	(2)	723	(2)	2	42	14	(14)
Wellbutrin IR, SR	92	(68)	80	(70)	2	42	10	(35)
Wellbutrin XL	647	38	643	37	-	-	4	>100
Imigran/Imitrex	697	1	504	2	144	1	49	(2)
Lamictal	849	24	568	36	226	3	55	15
Requip	156	34	80	50	68	21	8	22
ANTI-VIRALS	**2,598**	**9**	**1,285**	**10**	**773**	**6**	**540**	**12**
HIV	**1,554**	**5**	**766**	**2**	**607**	**8**	**181**	**12**
Combivir	583	1	283	1	227	-	73	8
Trizivir	303	(6)	166	(7)	123	(5)	14	(8)
Epivir	261	(12)	93	(33)	122	4	46	12
Ziagen	136	(14)	55	(26)	54	(8)	27	11
Retrovir	41	(6)	14	(17)	16	(6)	11	12
Agenerase, Lexiva	112	77	70	50	36	>100	6	46
Epzicom/Kivexa	118	>100	85	-	29	>100	4	>100
Herpes	**826**	**14**	**478**	**24**	**139**	**-**	**211**	**4**
Valtrex	695	21	470	26	98	9	127	12
Zovirax	131	(11)	6	(32)	41	(16)	84	(6)
Zeffix	145	9	12	11	21	(8)	112	13
ANTI-BACTERIALS	**1,519**	**(3)**	**261**	**(27)**	**718**	**3**	**540**	**5**
Augmentin	666	(7)	139	(38)	316	5	211	11
Augmentin IR	552	2	40	(34)	305	3	207	11
Augmentin ES, XR	114	(35)	99	(40)	11	97	4	(19)
Zinnat/Ceftin	197	(6)	10	2	112	(9)	75	(4)
METABOLIC	**1,495**	**18**	**995**	**16**	**190**	**39**	**310**	**12**
Avandia	1,154	27	864	31	112	20	178	15
Avandamet	175	(22)	113	(43)	45	>100	17	2
Bonviva/Boniva	18	>100	17	-	1	>100	-	-
VACCINES	**1,389**	**15**	**338**	**26**	**592**	**12**	**459**	**10**
Hepatitis	444	8	137	1	224	11	83	13
Infanrix/Pediarix	431	19	145	13	202	24	84	20
ONCOLOGY AND EMESIS	**1,016**	**8**	**761**	**12**	**164**	**(4)**	**91**	**1**
Zofran	837	9	639	12	124	(5)	74	3
Hycamtin	99	(1)	66	2	27	(6)	6	(6)
CARDIOVASCULAR AND UROGENITAL	**1,331**	**41**	**766**	**36**	**415**	**57**	**150**	**32**
Coreg	573	32	568	33	-	-	5	(30)
Levitra	40	(19)	35	79	4	(78)	1	(94)
Avodart	129	100	65	90	55	>100	9	>100
Arixtra	24	>100	15	>100	8	>100	1	>100
Fraxiparine	211	>100	-	-	179	>100	32	>100
Vesicare	13	-	13	-	-	-	-	-
OTHER	**1,040**	**-**	**69**	**(22)**	**321**	**(2)**	**650**	**3**
Zantac	244	(12)	58	(19)	64	(15)	122	(6)
	18,661	**8**	**9,106**	**8**	**5,537**	**8**	**4,018**	**9**

Pharmaceutical turnover includes co-promotion income.

PHARMACEUTICAL TURNOVER
Three months ended 31st December 2005

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**1,407**	**16**	**733**	**21**	**436**	**11**	**238**	**12**
Seretide/Advair	851	23	493	26	277	21	81	17
Flixotide/Flovent	174	1	72	4	49	(3)	53	-
Serevent	87	-	29	-	39	(4)	19	8
Flixonase/Flonase	171	13	134	20	13	(2)	24	(8)
CENTRAL NERVOUS SYSTEM	**886**	**1**	**585**	**3**	**168**	**(8)**	**133**	**10**
Seroxat/Paxil	158	(35)	32	(73)	40	(23)	86	9
Paxil IR	122	(15)	-	(100)	40	(23)	82	7
Paxil CR	36	(64)	32	(67)	-	-	4	47
Wellbutrin	217	25	212	26	1	31	4	(26)
Wellbutrin IR, SR	24	(26)	20	(23)	1	31	3	(51)
Wellbutrin XL	193	36	192	35	-	-	1	>100
Imigran/Imitrex	188	1	138	(1)	38	9	12	(4)
Lamictal	228	19	163	35	51	(10)	14	12
Requip	50	57	29	88	19	27	2	34
ANTI-VIRALS	**697**	**11**	**346**	**11**	**194**	**3**	**157**	**20**
HIV	**406**	**5**	**203**	**2**	**152**	**5**	**51**	**12**
Combivir	148	(3)	74	(2)	53	(9)	21	16
Trizivir	77	-	44	6	30	(5)	3	(21)
Epivir	62	(18)	22	(35)	29	(8)	11	(2)
Ziagen	34	(16)	14	(24)	11	(22)	9	19
Retrovir	8	(35)	1	(78)	4	(17)	3	(10)
Agenerase, Lexiva	33	59	20	28	11	>100	2	66
Epzicom/Kivexa	44	>100	28	-	14	>100	2	>100
Herpes	**224**	**17**	**132**	**29**	**34**	**1**	**58**	**6**
Valtrex	190	23	131	31	24	8	35	13
Zovirax	34	(8)	1	(20)	10	(13)	23	(3)
Zeffix	42	20	3	7	6	(21)	33	32
ANTI-BACTERIALS	**405**	**-**	**74**	**(18)**	**184**	**2**	**147**	**11**
Augmentin	170	(3)	35	(33)	80	3	55	22
Augmentin IR	142	2	12	(46)	77	2	53	22
Augmentin ES, XR	28	(20)	23	(25)	3	43	2	20
Zinnat/Ceftin	54	(6)	4	30	29	(14)	21	1
METABOLIC	**387**	**12**	**245**	**4**	**56**	**50**	**86**	**17**
Avandia	289	26	209	27	30	19	50	29
Avandamet	46	(41)	25	(64)	16	>100	5	(14)
Bonviva/Boniva	11	>100	10	-	1	>100	-	-
VACCINES	**420**	**17**	**95**	**14**	**169**	**9**	**156**	**30**
Hepatitis	113	(1)	35	(6)	54	(3)	24	18
Infanrix/Pediarix	121	17	37	(10)	54	16	30	98
ONCOLOGY AND EMESIS	**271**	**12**	**207**	**18**	**39**	**(5)**	**25**	**(1)**
Zofran	229	14	179	20	30	(4)	20	-
Hycamtin	25	2	17	8	6	(14)	2	20
CARDIOVASCULAR AND UROGENITAL	**366**	**26**	**217**	**35**	**105**	**12**	**44**	**22**
Coreg	159	29	158	30	-	-	1	(35)
Levitra	10	(26)	9	81	1	(82)	-	(99)
Avodart	39	71	21	81	15	52	3	>100
Arixtra	8	>100	6	>100	2	77	-	-
Fraxiparine	55	24	-	-	46	19	9	55
Vesicare	5	-	5	-	-	-	-	-
OTHER	**269**	**(11)**	**19**	**(16)**	**85**	**(22)**	**165**	**(4)**
Zantac	64	(11)	17	(4)	17	(9)	30	(15)
	5,108	**10**	**2,521**	**12**	**1,436**	**4**	**1,151**	**13**

Pharmaceutical turnover includes co-promotion income.

CONSUMER HEALTHCARE TURNOVER
Year ended 31st December 2005

	2005 £m	Growth CER%
Over-the-counter medicines	**1,437**	**1**
Analgesics	362	6
Dermatological	161	(12)
Gastrointestinal	249	1
Respiratory tract	154	5
Smoking control	336	2
Natural wellness support	133	(4)
Oral care	**943**	**2**
Nutritional healthcare	**619**	**7**
Total	**2,999**	**2**

CONSUMER HEALTHCARE TURNOVER
Three months ended 31st December 2005

	Q4 2005 £m	Growth CER%
Over-the-counter medicines	**400**	**(2)**
Analgesics	94	7
Dermatological	41	(12)
Gastrointestinal	67	(3)
Respiratory tract	51	4
Smoking control	94	(14)
Natural wellness support	36	(5)
Oral care	**245**	**2**
Nutritional healthcare	**154**	**11**
Total	**799**	**1**

FINANCIAL REVIEW – INCOME STATEMENT

Operating profit

	2005		2004			
	£m	% of turnover	£m	% of turnover	CER%	Growth £%
Turnover	**21,660**	**100.0**	19,986	100.0	7	8
Cost of sales	**(4,764)**	**(22.0)**	(4,360)	(21.8)	8	9
Selling, general and administration	**(7,250)**	**(33.5)**	(7,201)	(36.0)	-	1
Research and development	**(3,136)**	**(14.5)**	(2,904)	(14.5)	8	8
Other operating income	**364**	**1.7**	235	1.1		
Operating profit	**6,874**	**31.7**	5,756	28.8	16	19

Overall, the operating margin increased 2.9 percentage points as sterling operating profit increased 19% on a sterling turnover growth of 8%. At constant exchange rates, operating profit increased 16% and the margin increased 2.5 percentage points, reflecting flat selling, general and administration (SG&A) expenses and higher other operating income, partly offset by 8% increases in cost of sales and R&D expense.

Cost of sales increased as a percentage of turnover by 0.2 percentage points. At constant exchange rates, the increase was also 0.2 percentage points, reflecting higher costs related to the ongoing rectification of manufacturing issues at the Cidra site in Puerto Rico, which were only partly offset by operating efficiencies compared with the previous year.

SG&A as a percentage of turnover decreased 2.5 percentage points. At constant exchange rates, the decrease was 2.2 percentage points, reflecting reduced provisions related to legal matters, partly offset by higher charges related to cost saving programmes. Excluding these items, SG&A grew 2%. As reported at Q1 2005, all legal costs are now accounted for within SG&A; see 'Accounting Presentation and Policies' on page 22 for further details.

R&D expenditure as a percentage of turnover was 14.5%, in line with 2004, and increased 8% compared to the previous year partly as a result of some write-offs of intangible assets. Excluding these write-offs, R&D expenditure grew slightly below turnover growth. Pharmaceuticals R&D expenditure represented 16.2% of pharmaceutical turnover.

Other operating income includes royalty income, equity investment disposals and impairments, product disposals and fair value adjustments to the Quest collar and Theravance options. Other operating income was £364 million in 2005 compared with £235 million in 2004. The increased income in 2005 is predominantly due to increased product and asset disposal gains compared with 2004, and a favourable fair value movement of £19 million in the Quest collar and Theravance options.

Taxation

Taxation charge based on profits for the year	**2005 £m**	2004 £m
UK corporation tax	**354**	273
Overseas taxation	**1,665**	1,394
Current taxation	**2,019**	1,667
Deferred taxation	**(103)**	90
	1,916	1,757

The charge for taxation on profit, amounting to £1,916 million, represents an effective tax rate of 28.5% (2004 – 30.4%). The tax rate in 2005 of 28.5% benefited from higher tax relief on actual or potential exercise of share options by employees, arising from the increase in the share price in the year.

The integrated nature of the Group's worldwide operations, involving significant investment in research and strategic manufacture at a limited number of locations, with consequential cross-border supply routes into numerous end-markets, gives rise to complexity and delay in negotiations with revenue authorities as to the profits on which individual Group companies are liable to tax. Disagreements with, and between, revenue authorities as to intra-Group transactions, in particular the price at which goods should be transferred between Group companies in different tax jurisdictions, can produce conflicting claims from revenue authorities as to the profits to be taxed in individual territories. Resolution of such issues is a continuing fact of life for GlaxoSmithKline. The Group has open issues with the revenue authorities in the USA, UK, Japan and Canada; by far the largest relates to Glaxo heritage products, in respect of which the US Internal Revenue Service (IRS) and HM Revenue & Customs (HMRC) in the UK have made competing and contradictory claims.

GSK has attempted to settle the US dispute, first through direct discussion with the IRS and subsequently through discussions between the US and UK authorities under the terms of the double tax convention between the two countries and discussions were terminated in July 2003. On 6th January 2004, the IRS issued a Notice of Deficiency for the years 1989-1996 claiming additional taxes of $2.7 billion. On 2nd April 2004, the Group filed a petition in the US Tax Court disputing the IRS claim and seeking a refund of $1 billion in taxes. On 25th January 2005 the IRS issued a further Notice of Deficiency for the years 1997-2000 claiming additional taxes of $1.9 billion which the Group contested by filing a petition in the US Tax Court on 12th April 2005 to which the IRS filed its statutory Answer on 7th June 2005. In September 2005, the Court agreed to consolidate the IRS claims for 1997-2000 with those for 1989-1996 into a single trial, scheduled for hearing commencing in October 2006. The total claims for these periods amount to $4.6 billion of additional taxes and related interest of $3.7 billion, net of federal tax relief, giving a total of $8.3 billion. The Group's petitions against the IRS claims include counter-claims for repayment of taxes totalling $1.8 billion, based partly by reference to an Advance Pricing Agreement (APA) between SmithKline Beecham and the IRS covering the transfer pricing of *Tagamet* between 1991 and 1993. On 23rd December 2004, the IRS filed a motion for summary judgement to exclude any evidence relating to APA's from the court proceedings. On 31st March 2005, the trial judge denied the IRS motion and reserved ruling on the admissibility of APA evidence until full trial.

As similar tax issues remain open for 2001 to date, GSK expects to receive further substantial claims by the IRS for these years. GSK continues to believe that the profits reported by its US subsidiaries for the period 1989 to date, on which it has paid taxes in the USA, are more than sufficient to reflect the activities of its US operations.

GSK is in continuing discussions with HMRC in respect of UK transfer pricing and other matters which are in dispute for the years 1995 to date. However little progress has been made over the past year and consequently these matters may become subject to litigation in due course.

The Group had total current tax payable liabilities at 31st December 2005 of £2,269 million (2004 - £1,753 million) in respect of transfer pricing and other tax matters.

GSK uses the best advice in determining its transfer pricing methodology and in seeking to manage transfer pricing issues to a satisfactory conclusion and, on the basis of external professional advice, continues to believe that it has made adequate provision for the liabilities likely to arise from open assessments. However, there continues to be a wide difference of views between the Group, the IRS, HMRC and other relevant taxation authorities where open issues exist. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of litigation proceedings and negotiations with the relevant tax authorities.

Weighted average number of shares

	2005 millions	2004 millions
Weighted average number of shares – basic	**5,674**	5,736
Dilutive effect of share options and share awards	**46**	12
Weighted average number of shares – diluted	**5,720**	5,748

	Q4 2005 millions	Q4 2004 millions
Weighted average number of shares – basic	**5,657**	5,707
Dilutive effect of share options and share awards	**53**	11
Weighted average number of shares – diluted	**5,710**	5,718

The number of shares in issue, excluding those held by the ESOP Trusts and those held as Treasury shares at 31st December 2005, was 5,653 million (31st December 2004: 5,694 million).

Dividends

	Paid/ payable	**Pence per share**	**£m**
2005			
First interim	7th July 2005	10	570
Second interim	6th October 2005	10	567
Third interim	5th January 2006	10	568
Fourth interim	6th April 2006	14	792
		44	2,497
2004			
First interim	1st July 2004	10	575
Second interim	30th September 2004	10	573
Third interim	6th January 2005	10	571
Fourth interim	7th April 2005	12	683
		42	2,402

Guidance issued by the Institute of Chartered Accountants in England and Wales has clarified when an interim dividend should be recognised for accounting purposes where the accounts are prepared under IFRS. Interim dividends are now only recognised in the accounts when paid, and not when declared. GSK normally pays a dividend two quarters after the quarter to which it relates and one quarter after it is declared. An adjustment is required, therefore, to recognise a further quarter's time lag in the recording of dividends. This change has been effected in the transition balance sheet at 1st January 2003 and subsequent balance sheets. The 2005 financial statements recognise those dividends paid in 2005, namely the third and fourth interim dividends for 2004 and the first and second interim dividends for 2005.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2005 £m	2004 £m
Exchange movements on overseas net assets	**203**	(47)
Tax on exchange movements	**99**	(73)
Fair value movements on available-for-sale investments	**(1)**	-
Deferred tax on fair value movements	**(10)**	-
Revaluation of goodwill due to exchange	**9**	6
Actuarial (losses)/gains on defined benefit plans	**(794)**	108
Deferred tax on actuarial (losses)/gains on defined benefit plans	**257**	(17)
Fair value movements on cash flow hedges	**(4)**	-
Tax on fair value movements on cash flow hedges	**1**	-
Net losses recognised directly in equity	**(240)**	(23)
Profit for the year	**4,816**	4,022
Total recognised income and expense for the year	**4,576**	3,999
Implementation of accounting for financial instruments under IAS 39	**(12)**	-
Total recognised income and expense	**4,564**	3,999
Total recognised income and expense for the year attributable to:		
Shareholders	**4,423**	3,906
Minority interests	**153**	93
	4,576	3,999
Implementation of accounting for financial instruments under IAS 39 attributable to:		
Shareholders	**(16)**	
Minority interests	**4**	
	(12)	

BALANCE SHEET

	31st December 2005 £m	31st December 2004 £m
ASSETS		
Non-current assets		
Property, plant and equipment	**6,652**	6,197
Goodwill	**696**	304
Other intangible assets	**3,383**	2,513
Investments in associates and joint ventures	**276**	209
Other investments	**362**	298
Deferred tax assets	**2,214**	2,032
Other non-current assets	**438**	611
Total non-current assets	**14,021**	12,164
Current assets		
Inventories	**2,177**	2,193
Current tax recoverable	**416**	155
Trade and other receivables	**5,348**	4,451
Liquid investments	**1,025**	1,512
Cash and cash equivalents	**4,209**	2,467
Assets held for sale	**2**	2
Total current assets	**13,177**	10,780
TOTAL ASSETS	**27,198**	22,944
LIABILITIES		
Current liabilities		
Short-term borrowings	**(1,200)**	(1,582)
Trade and other payables	**(5,147)**	(4,267)
Current tax payable	**(2,269)**	(1,753)
Short-term provisions	**(895)**	(962)
Total current liabilities	**(9,511)**	(8,564)
Non-current liabilities		
Long-term borrowings	**(5,271)**	(4,381)
Deferred tax provision	**(569)**	(569)
Pensions and other post-employment benefits	**(3,069)**	(2,519)
Other provisions	**(741)**	(569)
Other non-current liabilities	**(467)**	(405)
Total non-current liabilities	**(10,117)**	(8,443)
TOTAL LIABILITIES	**(19,628)**	(17,007)
NET ASSETS	**7,570**	5,937
EQUITY		
Share capital	**1,491**	1,484
Share premium account	**549**	304
Other reserves	**(308)**	(606)
Retained earnings	**5,579**	4,542
Shareholders' equity	**7,311**	5,724
Minority interests	**259**	213
TOTAL EQUITY	**7,570**	5,937

RECONCILIATION OF MOVEMENTS IN EQUITY

	2005 £m	2004 £m
Total equity at beginning of year, adjusted for changes in the timing of recognition of dividends (see 'Dividends' on page 14)	**5,937**	5,598
Implementation of accounting for financial instruments under IAS 39	**(12)**	-
Total equity at beginning of year, as adjusted	**5,925**	5,598
Total recognised income and expense for the year	**4,576**	3,999
Dividends to shareholders	**(2,390)**	(2,476)
Ordinary shares issued	**252**	42
Ordinary shares purchased and cancelled	**-**	(201)
Ordinary shares purchased and held as Treasury shares	**(1,000)**	(799)
Ordinary shares issued by ESOP Trusts	**68**	23
Share-based incentive plans	**240**	312
Tax on share based incentive plans	**25**	-
Changes in minority interest shareholdings	**(40)**	(489)
Distributions to minority shareholders	**(86)**	(72)
Total equity at end of year	**7,570**	5,937

FINANCIAL REVIEW - BALANCE SHEET

Net assets

The book value of net assets increased by £1,633 million from £5,937 million at 31st December 2004 to £7,570 million at 31st December 2005. This was principally attributable to a reduction in net debt, despite two significant business acquisitions, partly offset by an increase in pension and other post-employment liabilities arising from updated mortality assumptions and weakening long-term interest rates.

The carrying value of investments in associates and joint ventures at 31st December 2005 was £276 million with a market value of £1,125 million.

On 13th July 2005, GSK acquired all of the remaining share capital of Corixa Corporation, a biotechnology company based in the USA specialising in developing vaccine adjuvants and immunology-based products. The cost of £150 million, including acquisition costs, was represented by net assets of £124 million, including intangible assets of £115 million, and goodwill of £26 million.

On 8th December 2005, GSK acquired all of the share capital of ID Biomedical Corporation, a biotechnology company based in Canada, specialising in the development and manufacture of vaccines, particularly influenza vaccines. The purchase price of £932 million, including acquisition costs, was represented by intangible assets of £701 million, other net liabilities of £126 million and goodwill of £357 million.

The combined post-acquisition losses of these two entities amounted to £35 million up to 31st December 2005.

Equity

At 31st December 2005, total equity had increased from £5,937 million at 31st December 2004 to £7,570 million. The increase arises principally from retained earnings partially offset by further purchases of Treasury shares and actuarial losses on defined benefit pension plans in the year.

At 31st December 2005, the ESOP Trusts held 167.4 million GSK ordinary shares against the future exercise of share options and share awards. The carrying value, which is the lower of cost or expected proceeds, of £2,313 million has been deducted from other reserves. The market value of these shares was £2,459 million. At 31st December 2005, GSK also held 142.8 million shares as Treasury shares, at a cost of £1,799 million, which has been deducted from retained earnings.

CASH FLOW STATEMENT
Year ended 31st December 2005

	2005 £m	2004 £m
Operating profit	**6,874**	5,756
Depreciation and other non-cash items	**1,103**	1,227
Increase in working capital	**(323)**	(158)
Increase/(decrease) in other net liabilities	**11**	(298)
	7,665	6,527
Taxation paid	**(1,707)**	(1,583)
Net cash inflow from operating activities	**5,958**	4,944
Cash flow from investing activities		
Purchase of property, plant and equipment	**(903)**	(788)
Proceeds from sale of property, plant and equipment	**54**	53
Purchase of intangible assets	**(278)**	(255)
Proceeds from sale of intangible assets	**221**	-
Purchase of equity investments	**(23)**	(103)
Proceeds from sale of equity investments	**35**	58
Share transactions with minority shareholders	**(36)**	-
Purchase of businesses, net of cash acquired	**(1,026)**	(297)
Disposals of businesses and interests in associates	**(2)**	230
Investment in associates and joint ventures	**(2)**	(2)
Interest received	**290**	173
Dividends from associates and joint ventures	**10**	11
Net cash outflow from investing activities	**(1,660)**	(920)
Cash flow from financing activities		
Decrease/(increase) in liquid investments	**550**	(53)
Proceeds from own shares for employee share options	**68**	23
Issue of share capital	**252**	42
Share capital purchased for cancellation	**-**	(201)
Purchase of Treasury shares	**(999)**	(799)
Redemption of preference shares issued by subsidiary	**-**	(489)
Increase in long-term loans	**982**	1,365
Repayment of long-term loans	**(70)**	(15)
Net repayment of short-term loans	**(857)**	(407)
Net repayment of obligations under finance leases	**(36)**	(22)
Interest paid	**(381)**	(350)
Dividends paid to shareholders	**(2,390)**	(2,475)
Dividends paid to minority interests	**(86)**	(75)
Other financing cash flows	**53**	49
Net cash outflow from financing activities	**(2,914)**	(3,407)
Increase in cash and bank overdrafts in the year	**1,384**	617
Exchange adjustments	**233**	(93)
Cash and bank overdrafts at beginning of year	**2,355**	1,831
Cash and bank overdrafts at end of year	**3,972**	2,355
Cash and bank overdrafts at end of year comprise:		
Cash and cash equivalents	**4,209**	2,467
Overdrafts	**(237)**	(112)
	3,972	2,355

CASH FLOW STATEMENT
Three months ended 31st December 2005

	Q4 2005 £m	Q4 2004 £m
Operating profit	**1,633**	1,241
Depreciation and other non-cash items	**434**	289
Increase in working capital	**(255)**	(60)
Decrease in other net liabilities	**(92)**	(64)
	1,720	1,406
Taxation paid	**(435)**	(467)
Net cash inflow from operating activities	**1,285**	939
Cash flow from investing activities		
Purchase of property, plant and equipment	**(348)**	(283)
Proceeds from sale of property, plant and equipment	**(9)**	15
Purchase of intangible assets	**(93)**	(86)
Proceeds from sale of intangible assets	**(3)**	-
Purchase of equity investments	**(5)**	(26)
Share transactions with minority shareholders	**(4)**	-
Proceeds from sale of equity investments	**13**	3
Purchase of businesses, net of cash acquired	**(883)**	9
Disposal of businesses and interests in associates	**(2)**	174
Interest received	**90**	33
Dividends from associates and joint ventures	**2**	3
Net cash outflow from investing activities	**(1,242)**	(158)
Cash flow from financing activities		
Increase in liquid investments	**(684)**	(19)
Proceeds from own shares for employee share options	**45**	7
Issue of share capital	**171**	17
Purchase of Treasury shares	**(374)**	(267)
Repayment of long-term loans	**-**	(4)
Net (repayment of)/increase in short-term loans	**(489)**	19
Net repayment of obligations under finance leases	**(11)**	(22)
Interest paid	**(60)**	(79)
Dividends paid to shareholders	**(567)**	(56)
Dividends paid to minority interests	**(8)**	(9)
Other financing cash flows	**21**	19
Net cash outflow from financing activities	**(1,956)**	(394)
(Decrease)/increase in cash and bank overdrafts in the period	**(1,913)**	387
Exchange adjustments	**20**	(77)
Cash and bank overdrafts at beginning of period	**5,865**	2,045
Cash and bank overdrafts at end of period	**3,972**	2,355
Cash and bank overdrafts at end of period comprise:		
Cash and cash equivalents	**4,209**	2,467
Overdrafts	**(237)**	(112)
	3,972	2,355

RECONCILIATION OF CASH FLOW TO MOVEMENTS IN NET DEBT

	2005 £m	2004 £m
Net debt at beginning of the year	**(1,984)**	(1,648)
Increase in cash and bank overdrafts	**1,384**	617
Cash (inflow)/outflow from liquid investments	**(550)**	53
Net increase in long-term loans	**(912)**	(1,350)
Net repayment of short-term loans	**857**	407
Net repayment of obligations under finance leases	**36**	22
Net non-cash funds of businesses acquired	**(68)**	-
Exchange adjustments	**39**	24
Other non-cash movements	**(39)**	(109)
Reduction/(increase) in net debt	**747**	(336)
Net debt at end of the year	**(1,237)**	(1,984)

FINANCIAL REVIEW - CASH FLOW

Operating cash flow was £7,665 million in 2005. This represents an increase of £1,138 million over 2004, principally due to higher operating profits. The operating cash flow is in excess of the funds needed for the routine cash flows of tax, capital expenditure on property, plant and equipment and dividend payments, together amounting to £5,000 million. The purchase of businesses, principally Corixa and ID Biomedical, cost £1,026 million, net of cash acquired. Receipts of £320 million arose from the exercise of share options: £68 million from shares held by the ESOP Trusts and £252 million from the issue of new shares. In addition, £999 million was spent in the year on purchasing the company's shares to be held as Treasury shares.

EXCHANGE RATES

The results and net assets of the Group, as reported in sterling, are affected by movements in exchange rates between sterling and overseas currencies. GSK uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas Group subsidiary and associated undertakings into sterling and period-end rates to translate the net assets of those undertakings. The currencies which most influence these translations, and the relevant exchange rates, are:

	Q4 2005	Q4 2004	2005	2004
Average rates:				
£/US$	**1.73**	1.86	**1.82**	1.83
£/Euro	**1.46**	1.44	**1.46**	1.47
£/Yen	**203.00**	197.00	**200.00**	197.00
Period-end rates:				
£/US$	**1.72**	1.92	**1.72**	1.92
£/Euro	**1.46**	1.41	**1.46**	1.41
£/Yen	**203.00**	197.00	**203.00**	197.00

During 2005, average sterling exchange rates were marginally weaker against the US dollar and the Euro and stronger against the Yen compared with 2004. Comparing 2005 period-end rates with 2004 period-end rates, sterling was weaker against the US dollar and stronger against the Euro and the Yen.

LEGAL MATTERS

The Group is involved in various legal and administrative proceedings, principally product liability, intellectual property, tax, anti-trust and governmental investigations and related private litigation. The Group makes provision for those proceedings on a regular basis and may make additional significant provisions for such legal proceedings, as required in the event of further developments in those matters, consistent with generally accepted accounting principles. Litigation, particularly in the USA, is inherently unpredictable and excessive awards that may not be justified by the evidence can occur. The Group could in the future incur judgements or enter into settlements of claims that could result in payments that exceed its current provisions by an amount that would have a material adverse effect on the Group's financial condition and results of operations.

Intellectual property claims include challenges to the validity of the patents on various of the Group's products or processes, and assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequence of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for the Group.

At 31st December 2005, the Group's aggregate provision for legal and other disputes (not including tax matters described under 'Taxation' on page 13) was over £1.1 billion. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Developments since the date of the Annual Report as previously updated by the legal proceedings note to the results announcements for the first, second and third quarters of 2005 are set out below:

Intellectual property

With respect to Biovail's claims for infringement of its formulation patents for *Wellbutrin XL*, the hearing on the Abrika Pharmaceuticals motion for summary judgement of non-infringement was heard in November 2005 in the US District Court for the Southern District of Florida. As of the date of this report, no decision has been announced. The Group is not a party to that proceeding. With respect to Biovail's claims for infringement of its formulation patents for *Wellbutrin XL* a trial date has been set for its suit against Anchen Pharmaceuticals for September 2006 in the US District Court for the Central District of California. The Group is not a party to that proceeding.

In December 2005, Andrx Pharmaceuticals filed an action against the Group in the US District Court for the Southern District of Florida, alleging that the manufacture, importation and sale of the 150mg *Wellbutrin XL* product infringes a patent issued to Andrx in June 2005 and asking for treble damages, attorney fees and that the Group and others acting in concert with it be enjoined. The case is in its early stages.

In December 2005, Watson Laboratories filed an action against the Group, as a third party defendant, alleging that the Group's listing of Biovail's formulation patents for *Wellbutrin XL* with the US Food and Drug Administration (FDA) be removed from the Approved Drug Products with Therapeutic Equivalence Evaluations listing, commonly known as the "Orange Book". The case is in its early stages.

The Group's application for patent term restoration for the basic compound patent for rosiglitazone, the active ingredient in *Avandia*, has been granted by the US Patent and Trademark Office, extending the expiration date of the patent to 17th September 2011. The FDA has also granted a further six months' paediatric exclusivity from that extended expiration date.

The Group made an application in 2004 to the US Patent and Trademark Office (USPTO) for re-issue of its combination patent for *Advair*, which expires in 2010. In January 2006, the USPTO issued a final office action rejecting that application. The company will seek reconsideration of the rejection, and a response to the USPTO is expected in the first half of the year. While the application for re-issue remains pending, the combination patent remains in force and is listed in the Orange Book.

The Group holds other patents relating to *Advair* which are not affected by the re-issue application, including the compound patent related to the active ingredient salmeterol which affords protection until August 2008 (after giving effect to an expected grant of paediatric exclusivity by the FDA), various patents relating to the *Diskus* device which expire over a period from 2011 to 2016 and patents relating to the HFA formulation and related technology which expires over a period from 2015 to 2021.

Product liability

With respect to the product liability litigation relating to *Paxil*, in January 2006 the Group concluded settlement of more than 90% of the pending product liability claims based on symptoms on discontinuing *Paxil* treatment. The amounts paid in respect of such settlements were in line with provisions taken in prior periods. Most of the pending purported class action suits concerning discontinuation symptoms are being dismissed as part of the settlement. The Group did not, as part of the settlement, admit any liability with respect to the allegations in any of the suits. Litigation in respect of the balance of the lawsuits continues.

Developments with respect to tax matters are described in 'Taxation' on page 13.

ACCOUNTING PRESENTATION AND POLICIES

With effect from 1st January 2005, GSK has moved to reporting its financial results in accordance with International Financial Reporting Standards (IFRS) as required by a European Union Regulation issued in 2002. This unaudited Results Announcement for the year ended 31st December 2005 is prepared in accordance with IAS 34 'Interim Financial Reporting' and the IFRS accounting policies applicable for 2005. These IFRS policies are unchanged from those set out in the Annual Report 2004 on pages 164 to 166, except that GSK now accounts for all legal costs within SG&A and, following a clarification of the timing of recognition of dividends under IFRS, a further quarter's delay in recognition is reflected – see 'Dividends' on page 14 for further details.

Following a further review of the opening balance sheet under IFRS, adjustments have been made to deferred tax and minority interests which reduce net assets and total equity at 1st January 2003 by £217 million compared with the previously reported balance. The adjustments have no impact on the profits reported for 2004 or 2005. Comparative balance sheet figures have been amended accordingly.

A number of presentational changes have been made, starting in Q1 2005, to conform with best practice under IFRS:

- Legal costs have been reclassified so that all legal costs are now reported within SG&A. Consequently, trading profit is no longer reported separately
- Except where expressly permitted, IFRS does not allow offsetting of income and expenses. Consequently, finance income and expense are reported separately.

None of these presentational changes has any impact on operating profit or EPS in 2005 or the comparative periods in 2004. All comparative figures are presented on this basis, except that GSK has taken advantage of an exemption which permits financial instruments to be accounted for and presented on a UK GAAP basis in 2004 and only in accordance with IAS 32 and IAS 39 from 1st January 2005. Full details of the major differences from UK GAAP as they apply to GSK are given in the unaudited IFRS financial information section of the Annual Report 2004 on page 163.

The income statement, statement of recognised income and expense and cash flow statement for the year ended, and the balance sheet at, 31st December 2004 have been derived from the unaudited IFRS financial information published in the Annual Report 2004, taking account of the changes noted above.

Data for market share and market growth rates are GSK estimates based on the most recent data from independent external sources, and where appropriate, are valued in sterling at relevant exchange rates. Figures quoted for product market share reflect sales by GSK and licensees.

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in sterling had remained unchanged from those used in the previous year. All commentaries are presented in terms of CER unless otherwise stated.

UK GAAP to IFRS reconciliations

GSK published financial information in accordance with International Financial Reporting Standards for 2003 and 2004 on the London Stock Exchange on 10th February 2005. That document included explanations of the main UK GAAP to IFRS differences and UK GAAP to IFRS reconciliations for:

- total equity at 1st January 2003, 31st December 2003 and each quarter end in 2004
- profit attributable to shareholders for 2003 and each quarter in 2004
- cash flows for 2003 and each quarter in 2004.

The document is available on the company's website.

INVESTOR INFORMATION

Preliminary Announcement of Annual Results 2005
This Announcement was approved by the Board of Directors on Wednesday 8th February 2006.

The income statement, statement of recognised income and expense, and cash flow statement for the year ended 31st December 2005 and the balance sheet at that date, are subject to completion of the audit and may also change should a significant adjusting event occur before the approval of the Annual Report 2005 on 1st March 2006.

Financial calendar
The company will announce first quarter 2006 results on 27th April 2006. The first interim dividend for 2006 will have an ex-dividend date of 10th May 2006 and a record date of 12th May 2006 and will be paid on 6th July 2006.

Internet
This Announcement and other information about GSK is available on the company's website at: http://www.gsk.com.

EXHIBIT 20

Press Release

GlaxoSmithKline

Issued: 27th April 2006, London

Results announcement for the first quarter 2006

GSK makes strong start to 2006 with excellent first quarter performance

EPS of 26.5 pence, up 17% CER (26% reported)

GlaxoSmithKline plc (GSK) today announces its results for the first quarter ended 31st March 2006. The full results are presented under 'Income Statement' on page 7, and are summarised below.

FINANCIAL RESULTS*

	Q1 2006 £m	Q1 2005 £m	Growth CER%	Growth £%
Turnover	**5,813**	**5,036**	10	15
Operating profit	2,174	1,747	15	24
Profit before tax	2,170	1,711	17	27
Earnings per share	**26.5p**	**21.1p**	17	26

Q1 2006 SUMMARY*

- **Total pharmaceutical sales grew 10% to £5 billion, driven by 15% growth in the USA.**
- **Key growth drivers performed strongly with sales totalling £2.2 billion (+22%):**
  - *Seretide/Advair* (+12% to £816 million)
  - *Avandia* products (+24% to £384 million)
  - *Vaccines* (+44% to £366 million)
  - *Lamictal* (+14% to £237 million)
  - *Coreg* (+53% to £225 million)
  - *Valtrex* (+16% to £204 million)
- **Excellent first quarter financial performance with EPS growth of 17% (26% reported).**
- **Significant progress on important near-term pipeline opportunities:**
  - *Cervarix* (vaccine for the prevention of cervical cancer) was filed in the EU and in 13 International markets in March. Latest data (4.5 years) shows 100% sustained efficacy against pre-cancerous lesions caused by HPV 16 and 18.
  - Excellent phase III efficacy data for *Tykerb* (a new oral medicine for breast cancer) were received in April and will support an earlier filing date of H2 2006 in Europe and the USA.
  - Positive phase III data for *Trexima* (a new treatment for migraine to be launched later this year) were presented in April demonstrating superiority over current 'gold standard' *Imitrex*.
- **4 products started phase III/registration trials so far this year:**
  - Eltrombopag for low blood platelets, pazopanib for cancer, casopitant for nausea and vomiting and H5N1 vaccine for flu pandemic.
- **GSK continues to expect 2006 earnings per share growth to be around 10% in CER terms.**

Commenting on the performance for the quarter, JP Garnier, Chief Executive Officer, said:
"This has been a quarter of strong financial performance, driven by top-line pharma sales growth of 10%. It has also been a quarter of good pipeline news. In particular, the efficacy seen in *Tykerb*'s first phase III trial is very compelling and it gives us confidence that we will be able to launch a significant new treatment for breast cancer next year. We also received strong data on *Cervarix* this quarter, demonstrating its potential to offer long lasting and broad protection against cervical cancer."

* The Group's practice is to discuss its results in terms of constant exchange rate (CER) growth. All commentaries compare 2006 results with 2005 in CER terms unless otherwise stated. See 'Accounting Presentation and Policies' on page 17 for fuller explanations of these matters.

PRODUCT UPDATE

- Total pharmaceutical turnover grew 10% to £5 billion in the quarter, driven by strong turnover in the USA (+15% to £2.6 billion). European sales (+1% to £1.4 billion) were impacted by lower seasonal use of anti-biotics compared with last year. Sales in International markets rose strongly (+12% to £1.0 billion).

Key products continue to drive growth:

- Total sales of ***Seretide/Advair***, for asthma and COPD, rose 12% to £816 million. US sales of *Advair* increased 11% to £460 million, with European sales also up 11% to £276 million and sales in International markets up 20% to £80 million.

  On 28th March, the company announced positive headline data from TORCH, a landmark three-year study in 6,000 COPD patients with *Advair*. These data showed a 17% relative reduction in mortality ($p=0.052$), and a 25% reduction in exacerbations ($p<0.001$), for patients receiving *Advair* as compared with patients on placebo. This was the first study of its kind to demonstrate reduced mortality in COPD patients and the company expects to file these data with regulatory agencies in H2 2006 for inclusion in product labelling.

- Sales of ***Avandia*** products rose 24% to £384 million. US sales were up 20% to £281 million. Going forward, US sales are expected to benefit from an increase in *Avandia* manufacturing capacity from April and the reintroduction of ***Avandamet*** to this market in early H2 2006. European *Avandia/Avandamet* sales rose very strongly in the quarter (+59% to £51 million). International sales were up 17% to £52 million.

  Avandaryl, GSK's combination of *Avandia* and Amaryl, was launched on 1st February in the USA, with initial sales of £12 million in the quarter.

- GSK's other key growth drivers continue to perform well: ***Coreg*** for heart disease (+53% to £225 million), ***Lamictal*** for epilepsy and bipolar disorder (+14% to £237 million) and ***Valtrex*** for herpes (+16% to £204 million).

- Several other high potential products delivered very strong growth in the quarter:
  - ***Requip*** for Parkinson's/Restless Legs Syndrome grew 83% to £58 million. *Requip* (***Adartrel***) received a positive decision from the EU in April and approvals in Member States are expected from May onwards.
  - ***Avodart*** for benign prostatic hyperplasia (enlarged prostate) grew 73% to £47 million.
  - ***Boniva/Bonviva***, for osteoporosis, which was developed with Roche, recorded co-promotion income in the quarter of £15 million.

Outstanding performance from the vaccines business:

- GSK's vaccines business had another excellent quarter with total sales rising 44% to £366 million. Sales were very strong across all regions: USA (+41% to £83 million), Europe (+46% to £165 million) and International markets (+41% to £118 million).

  Several vaccines contributed to growth:
  - ***Infanrix*** (including ***Pediarix***) grew 54% to £124 million with good growth across all regions. European growth was particularly strong (+73% to £68 million) benefiting from the withdrawal of a competitor vaccine, Hexavac, in September 2005.
  - **Hepatitis vaccines** grew 18% to £116 million. US sales (+27% to £37 million) were helped by a new paediatric indication for ***Havrix***, GSK's vaccine to protect against Hepatitis A. European sales grew 17% to £55 million with a strong performance by ***Twinrix*** in Germany.
  - Sales of new vaccines (including ***Boostrix*** and ***Rotarix***) totalled £23 million. GSK received EU approval for *Rotarix* in February. *Rotarix* has now been approved in 63 markets worldwide, including Brazil where publicly-funded mass vaccination of the paediatric population began in the quarter.

  On 23rd March, the company filed its new flu vaccine, ***FluLaval***, in the USA. GSK expects to provide up to 30 million doses of seasonal influenza vaccine (*FluLaval* + ***Fluarix***) to the US market for the 2006/07 flu season (up from 8 million doses in 2005/06).

Preparations for potential pandemic flu continue:

- On 30th March, GSK began clinical trials of its H5N1 flu vaccine, using both a classic 'alum' adjuvant and its new proprietary adjuvant, with results expected in the summer. These trials support the 'mock-up' dossier GSK submitted to European regulators in December 2005.

  In addition, GSK is increasing production of its anti-viral treatment ***Relenza*** from less than 1 million packs in 2005 (sales of £5 million) to 15 million packs in 2006. *Relenza* sales in Q1 2006 were £7 million.

Other products:

- GSK's HIV franchise grew 4% to £399 million. ***Combivir*** sales fell 3% to £143 million as a result of the continued impact of competitor products, particularly in the USA. However, sales of GSK's new HIV products ***Epzicom/Kivexa*** and ***Lexiva*** more than doubled to £83 million.

- Total ***Wellbutrin*** sales rose 22% to £217 million, with the continued strong performance of ***Wellbutrin XL*** (+35% to £193 million) offsetting the decline in *Wellbutrin IR/SR* sales (-31% to £24 million). GSK filed *Wellbutrin XL* for approval in several key European markets, including Germany, Italy and Spain, during the quarter.

- Sales of ***Flonase*** fell 27% to £131 million due to generic competition in the USA which began on 7th March. The impact of generic competition was partly offset by GSK's supply agreement with Par Pharmaceuticals to distribute a generic fluticasone propionate nasal spray, which contributed turnover of £21 million.

PIPELINE UPDATE

GSK issued a pipeline update with the company's 2005 Annual Report. At the end of February 2006, the company had 149 pharmaceutical and vaccine projects in clinical development, comprising 95 NCEs, 29 PLEs and 25 vaccines. Pipeline news during the quarter was as follows:

Filings:

- ***Cervarix***, GSK's vaccine for the prevention of cervical cancer, has now been filed for approval in the EU and in 13 International markets and remains on track for filing in the USA before the end of the year. In April, new long-term (4.5 year) data were published in *The Lancet* demonstrating that *Cervarix* provided 100% protection against pre-cancerous lesions associated with HPV 16 and 18. The study also showed that *Cervarix* gave broad protection against other cancer-causing viral subtypes.

- Other products also filed in the quarter included:
  - *FluLaval* flu vaccine in the US
  - *Wellbutrin XL* for depression in Europe
  - ***Hycamtin*** for cervical cancer

Significant new phase III data received:

- Excellent phase III data for GSK's innovative oral breast cancer treatment ***Tykerb*** in combination with Xeloda were received during the quarter and led to the trial being halted early. These results, in metastatic breast cancer patients who had failed on Herceptin and other therapies, exceeded the stopping criteria for the study as measured by time to disease progression. On the basis of these and other data GSK now expects to file *Tykerb* in the USA and EU during the second half of the year.

  Clinical trial data on *Tykerb*'s efficacy in a range of settings, including breast and inflammatory breast cancer, brain metastases and renal cancer, as well as data on *Tykerb*'s cardiac safety profile, will be presented at ASCO on 2nd-6th June 2006.

- Positive phase III data for ***Trexima*** (a new treatment for migraine) were presented at the American Academy of Neurology in April demonstrating superiority over current 'gold standard' ***Imitrex*** measured by pain relief at 2 and 4 hours after treatment initiation. *Trexima* remains on track for approval and launch in 2006.

- Following receipt during the quarter of positive phase III data for ***Entereg*** in bowel resection patients, a response to the FDA's approvable letter is expected to be made by June with approval for the post-operative ileus indication anticipated before the end of the year. Enrolment has completed for *Entereg*'s phase III programme in opioid-induced GI symptoms and the compound remains on track to file for this indication in mid-2007.

- Positive phase III/IV data were also received during the quarter on two cardiovascular products: ***Arixtra*** for acute coronary syndrome (OASIS 6 Study) showing superiority against unfractionated heparin and **ambrisentan** for pulmonary arterial hypertension (ARIES 1 Study) which will support filing of the product in Q4 2006.

Phase III starts:

- **Eltrombopag** – GSK's novel oral platelet growth factor for patients suffering from thrombocytopenia – entered phase III development in February for idiopathic thrombocytopenic purpura. Filing for this indication remains on track for the end of 2006 or H1 2007 depending on discussions with regulatory authorities. Interim results from the phase II study in hepatitis C patients will be presented at the European Association for the Study of the Liver (EASL) on 27th April and this indication is on track for a 2008 filing. Enrolment in the phase II chemotherapy study has completed ahead of schedule and results are expected later this year.

- Other phase III studies started since the beginning of the year:
  - H5N1 flu vaccine (registration)
  - pazopanib, a VEGF inhibitor, for advanced/metastatic renal cancer
  - casopitant, an NK1 antagonist for post-operative nausea and vomiting

CONSUMER HEALTHCARE UPDATE

Consumer Healthcare sales grew 6% to £768 million, with strong growth in Europe (+7%) and International markets (+10%). Sales in North America were down 2%, in part reflecting the impact of product divestments in September 2005.

Nutritional healthcare products sales grew 10% to £152 million. All key brands reported growth: ***Lucozade*** (+9%), ***Horlicks*** (+11%) and ***Ribena*** (+11%).

Oral care sales grew 7% to £242 million with growth in all regions. ***Sensodyne***'s sales continue to grow strongly (+21%). Sales of ***Aquafresh***, GSK's largest oral care brand, remained level at £73 million.

Over-the-counter medicine sales were £374 million (+3%). Analgesics, led by ***Panadol***, grew 7% to £95 million and Smoking Control products were up 5% to £93 million, helping to offset the loss of sales from divested dermatological products.

During the quarter ***Alli*** (orlistat) received an approvable letter from the FDA for over-the counter use in the USA to promote weight loss in overweight adults, when used along with a reduced calorie, low-fat diet. GSK expects to respond to the FDA shortly and to receive approval for the product in H2 2006. If approved, *Alli* will be the only FDA-approved weight-loss drug available over-the-counter.

FINANCIAL REVIEW

These results have been prepared under International Financial Reporting Standards as adopted for use in the European Union (see 'Accounting Presentation and Policies' on page 17).

Operating profit and earnings per share

Operating profit of £2,174 million grew by 15%, which was above the turnover growth of 10%, reflecting improved cost of sales and SG&A margins, partly offset by lower other operating income.

The cost of sales margin benefited from favourable currency and product and regional mix changes compared with the previous year and a reduction in one-off Cidra remediation costs. In addition, following a strategic review, the company has decided that its Montrose manufacturing site will remain within the GSK network. A £65 million restructuring provision made previously for the closure of the site has been written back as a credit to cost of sales.

The SG&A margin improved with costs increasing only 5% on a turnover increase of 10%. R&D expenditure grew in line with turnover.

In the quarter, gains from asset disposals were £12 million (£146 million in 2005), costs for legal matters were £107 million (£75 million in 2005), the fair value movements on the Quest collar and Theravance options were favourable £30 million (£13 million unfavourable in 2005) and net income related to restructuring programmes (including the Montrose provision write-back) was £47 million (£29 million charge in 2005). The total operating profit impact of these items was an £18 million charge in 2006 compared with £29 million income in 2005 resulting in a 3 percentage point reduction in operating profit growth for the quarter.

Profit after taxation grew by 16% which was marginally higher than the growth in operating profit and reflected lower net interest costs and a higher expected tax rate for the year.

EPS of 26.5 pence increased 17% in CER terms (26% in sterling terms) compared with Q1 2005. The favourable currency impact of 9% on EPS reflected a stronger US dollar.

Currencies

The Q1 2006 results are based on average exchange rates, principally £1/$1.75, £1/Euro 1.46 and £1/Yen 205. The period-end exchange rates were £1/$1.73, £1/Euro 1.43 and £1/Yen 205. At 21st April 2006, the exchange rates were £1/$1.78, £1/Euro 1.44 and £1/Yen 208. If exchange rates were to hold at this level for the remainder of 2006, the currency impact on EPS growth would be approximately 2% favourable.

Dividend

The Board has declared a first interim dividend of 11 pence per share. This compares with a dividend of 10 pence per share for Q1 2005. The equivalent dividend receivable by ADR holders is 39.3206 cents per ADS based on an exchange rate of £1/$1.7873. The dividend will have an ex-dividend date of 10th May 2006, a record date of 12th May 2006 and will be paid on 6th July 2006.

Earnings guidance

2006 earnings per share growth is expected to be around 10% in CER terms.

Share buy-back programme

GSK repurchased £219 million of shares in Q1 2006, to be held as Treasury shares, and expects to repurchase £1 billion of shares for the full year 2006. The exact amount and timing of future purchases, and the extent to which repurchased shares will be held as Treasury shares rather than being cancelled, will be determined by the company and is dependent on market conditions and other factors.

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information including a copy of this announcement and details of the company's updated product development pipeline, visit GSK at www.gsk.com.

Enquiries:	**UK Media**	Philip Thomson	(020) 8047 5502
		Gwenan Evans	(020) 8047 5502
		Alice Hunt	(020) 8047 5502
	US Media	Nancy Pekarek	(215) 751 7709
		Mary Anne Rhyne	(919) 483 2839
		Patricia Seif	(215) 751 7709
	European Analyst / Investor	Duncan Learmouth	(020) 8047 5540
		Anita Kidgell	(020) 8047 5542
		Jen Hill	(020) 8047 5543
		David Mawdsley	(020) 8047 5564
	US Analyst / Investor	Frank Murdolo	(215) 751 7002
		Tom Curry	(215) 751 5419

Cautionary statement regarding forward-looking statements
Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the 'Operating and Financial Review and Prospects' in the company's Annual Report 2005.

INCOME STATEMENT
Three months ended 31st March 2006

	Q1 2006 £m	Growth CER%	Q1 2005 £m	2005 £m
Turnover:				
Pharmaceuticals	5,045	10	4,339	18,661
Consumer Healthcare	768	6	697	2,999
TURNOVER	5,813	10	5,036	21,660
Cost of sales	(1,134)	(2)	(1,127)	(4,764)
Gross profit	4,679	13	3,909	16,896
Selling, general and administration	(1,823)	5	(1,645)	(7,250)
Research and development	(753)	10	(663)	(3,136)
Other operating income	71		146	364
Operating profit:				
Pharmaceuticals	2,034	16	1,626	6,159
Consumer Healthcare	140	11	121	715
OPERATING PROFIT	2,174	15	1,747	6,874
Finance income	73		49	257
Finance expense	(92)		(98)	(451)
Share of after tax profits of associates and joint ventures	15		13	52
PROFIT BEFORE TAXATION	2,170	17	1,711	6,732
Taxation	(640)		(488)	(1,916)
Tax rate %	*29.5%*		*28.5%*	*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	1,530	16	1,223	4,816
Profit attributable to minority interests	28		21	127
Profit attributable to shareholders	1,502		1,202	4,689
	1,530		1,223	4,816
EARNINGS PER SHARE	26.5p	17	21.1p	82.6p
Diluted earnings per share	26.3p		21.0p	82.0p

PHARMACEUTICAL TURNOVER
Three months ended 31st March 2006

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**1,309**	**4**	**670**	**4**	**424**	**3**	**215**	**4**
Seretide/Advair	816	12	460	11	276	11	80	20
Flixotide/Flovent	178	10	86	30	47	(4)	45	(2)
Serevent	74	(9)	23	(13)	36	(10)	15	-
Flixonase/Flonase	131	(27)	94	(27)	13	(7)	24	(38)
CENTRAL NERVOUS SYSTEM	**896**	**11**	**623**	**19**	**164**	**(10)**	**109**	**9**
Seroxat/Paxil	161	(4)	53	(4)	41	(21)	67	10
Paxil IR	110	(11)	6	(55)	41	(21)	63	7
Paxil CR	51	15	47	10	-	-	4	100
Wellbutrin	217	22	213	23	1	-	3	(33)
Wellbutrin IR, SR	24	(31)	21	(33)	1	-	2	(50)
Wellbutrin XL	193	35	192	35	-	-	1	-
Imigran/Imitrex	182	2	135	-	37	12	10	(9)
Lamictal	237	14	174	33	46	(22)	15	8
Requip	58	83	37	>100	19	27	2	-
ANTI-VIRALS	**699**	**10**	**338**	**3**	**209**	**14**	**152**	**22**
HIV	**399**	**4**	**182**	**(5)**	**163**	**14**	**54**	**12**
Combivir	143	(3)	62	(16)	59	5	22	25
Trizivir	72	(7)	37	(13)	32	3	3	(25)
Epivir	60	(12)	20	(24)	26	(10)	14	9
Ziagen	32	(9)	13	(8)	11	(21)	8	17
Agenerase, Lexiva	33	41	19	29	12	71	2	-
Epzicom/Kivexa	51	>100	29	80	19	>100	3	-
Herpes	**236**	**13**	**145**	**17**	**36**	**3**	**55**	**11**
Valtrex	204	16	143	17	26	8	35	22
Zovirax	32	(6)	2	-	10	(9)	20	(5)
Zeffix	38	24	3	-	5	25	30	27
METABOLIC	**434**	**26**	**295**	**26**	**58**	**45**	**81**	**17**
Avandia	344	30	265	34	32	23	47	17
Avandamet	28	(39)	4	(88)	19	>100	5	-
Avandaryl	12	-	12	-	-	-	-	-
Bonviva/Boniva	15	-	14	-	1	-	-	-
VACCINES	**366**	**44**	**83**	**41**	**165**	**46**	**118**	**41**
Hepatitis	116	18	37	27	55	17	24	10
Infanrix/Pediarix	124	54	41	32	68	73	15	40
Boostrix	10	>100	5	-	3	>100	2	>100
CARDIOVASCULAR AND UROGENITAL	**426**	**29**	**294**	**53**	**96**	**(6)**	**36**	**10**
Coreg	225	53	224	54	-	-	1	(50)
Levitra	11	-	10	-	-	-	1	-
Avodart	47	73	28	>100	16	42	3	-
Arixtra	11	>100	7	>100	4	100	-	-
Fraxiparine	51	(4)	-	-	44	-	7	(29)
ANTI-BACTERIALS	**378**	**(12)**	**62**	**(25)**	**180**	**(18)**	**136**	**7**
Augmentin	170	(14)	31	(38)	83	(15)	56	13
Zinnat/Ceftin	50	(23)	4	33	26	(38)	20	6
ONCOLOGY AND EMESIS	**288**	**14**	**225**	**20**	**41**	**(5)**	**22**	**-**
Zofran	230	13	181	19	30	(6)	19	(6)
Hycamtin	29	8	20	6	7	14	2	-
OTHER	**249**	**(6)**	**25**	**35**	**58**	**(30)**	**166**	**2**
Zantac	65	7	21	54	14	(6)	30	(7)
	5,045	10	2,615	15	1,395	1	1,035	12

Pharmaceutical turnover includes co-promotion income.

CONSUMER HEALTHCARE TURNOVER
Three months ended 31st March 2006

	Q1 2006 £m	Growth CER%
Over-the-counter medicines	**374**	**3**
Analgesics	95	7
Dermatological	40	(3)
Gastrointestinal	65	2
Respiratory tract	41	8
Smoking control	93	5
Natural wellness support	34	-
Oral care	**242**	**7**
Nutritional healthcare	**152**	**10**
Total	**768**	**6**

FINANCIAL REVIEW – INCOME STATEMENT

Operating profit

	Q1 2006		Q1 2005			
	£m	% of turnover	£m	% of turnover	CER%	Growth £%
Turnover	**5,813**	**100.0**	5,036	100.0	10	15
Cost of sales	**(1,134)**	**(19.5)**	(1,127)	(22.4)	(2)	1
Selling, general and administration	**(1,823)**	**(31.4)**	(1,645)	(32.7)	5	11
Research and development	**(753)**	**(12.9)**	(663)	(13.1)	10	14
Other operating income	**71**	**1.2**	146	2.9		
Operating profit	**2,174**	**37.4**	1,747	34.7	15	24

Overall, the operating margin increased 2.7 percentage points as sterling operating profit increased 24% on a sterling turnover growth of 15%. At constant exchange rates, operating profit increased 15% and the margin increased 1.8 percentage points, reflecting lower cost of sales and selling, general and administration (SG&A) margins partly offset by a reduction in other operating income.

Cost of sales decreased as a percentage of turnover by 2.9 percentage points. At constant exchange rates, the decrease was 2.3 percentage points principally reflecting favourable product and regional mix effects and the write-back of a £65 million restructuring provision previously made for the closure of the Montrose manufacturing site. Also contributing to the cost of sales margin improvement was the inclusion in Q1 2005 of higher costs related to the rectification of manufacturing issues at the Cidra site in Puerto Rico.

SG&A as a percentage of turnover decreased 1.3 percentage points. At constant exchange rates, the decrease was 1.4 percentage points. SG&A expenditure at constant exchange rates increased 5%.

R&D expenditure as a percentage of turnover was 12.9% and grew in line with turnover growth. Pharmaceuticals R&D expenditure represented 14.5% of pharmaceutical turnover.

Other operating income includes royalty income, equity investment disposals and impairments, product disposals and fair value adjustments to the Quest collar and Theravance options. Other operating income was £71 million in Q1 2006 compared with £146 million in Q1 2005. The reduction is due to much lower product and asset disposal gains compared with the same period in 2005, partially offset by a favourable fair value movement of £30 million in the Quest collar and Theravance options in 2006 compared with an adverse fair value movement in Q1 2005 of £13 million.

Taxation

The charge for taxation on profit, amounting to £640 million, represents an effective tax rate of 29.5%, which is the expected rate for the year.

Transfer pricing issues are as previously described in the 'Taxation' note to the Financial Statements included in the Annual Report 2005. The Group has open issues with the revenue authorities in the USA, UK, Japan and Canada; by far the largest of which relates to the legal dispute with the US Internal Revenue Service (IRS) in respect of Glaxo heritage products. With respect to the claims of the IRS for the years 1989-2000, the total claims for these periods amount to $4.6 billion of additional taxes together with related interest to 31st March 2006 of $3.9 billion, net of federal tax relief, giving a total of $8.5 billion. As similar issues remain open for 2001 to date, GSK expects to receive further substantial claims by the IRS for these years.

During the quarter the US tax court, in a status conference, delayed the start of the trial from October 2006 to January 2007. The Group expects a decision in the second half of 2008.

At 31st March 2006, the Group had a tax creditor balance of £2.6 billion which includes provisions for the estimated amounts at which transfer pricing and other tax disputes might ultimately be settled.

GSK uses the best advice in determining its transfer pricing methodology and in seeking to manage transfer pricing issues to a satisfactory conclusion and, on the basis of external professional advice, continues to believe that it has made adequate provision for the liabilities likely to arise from open assessments. However, there continues to be a wide difference of views between the Group, the IRS, HMRC and other relevant taxation authorities where open issues exist. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of litigation proceedings and negotiations with the relevant tax authorities.

Weighted average number of shares

	Q1 2006 millions	Q1 2005 millions	2005 millions
Weighted average number of shares – basic	**5,658**	5,692	5,674
Dilutive effect of share options and share awards	**61**	37	46
Weighted average number of shares – diluted	**5,719**	5,729	5,720

The number of shares in issue, excluding those held by the ESOP Trusts and those held as Treasury shares at 31st March 2006, was 5,655 million (31st March 2005: 5,682 million).

Dividends

	Paid/ payable	Pence per share	£m
2006			
First interim	6th July 2006	11	622
2005			
First interim	7th July 2005	10	570
Second interim	6th October 2005	10	567
Third interim	5th January 2006	10	568
Fourth interim	6th April 2006	14	792
		44	2,497

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Q1 2006 £m	Q1 2005 £m	2005 £m
Exchange movements on overseas net assets	**43**	(61)	203
Tax on exchange movements	**20**	(4)	99
Fair value movements on available-for-sale investments	**47**	(30)	(1)
Deferred tax on fair value movements	**(9)**	6	(10)
Exchange movements on goodwill in reserves	**1**	7	9
Actuarial gains/(losses) on defined benefit plans	**688**	(97)	(794)
Deferred tax on actuarial movements in defined benefit plans	**(227)**	33	257
Fair value movements on cash flow hedges	**(3)**	-	(4)
Deferred tax on fair value movements on cash flow hedges	**1**	-	1
Net gains/(losses) recognised directly in equity	**561**	(146)	(240)
Profit for the period	**1,530**	1,223	4,816
Total recognised income and expense for the period	**2,091**	1,077	4,576
Total recognised income and expense for the period attributable to:			
Shareholders	**2,064**	1,056	4,423
Minority interests	**27**	21	153
	2,091	1,077	4,576

BALANCE SHEET

	31st March 2006 £m	31st March 2005 £m	31st December 2005 £m
ASSETS			
Non-current assets			
Property, plant and equipment	**6,767**	6,130	6,652
Goodwill	**692**	303	696
Other intangible assets	**3,354**	2,508	3,383
Investments in associates and joint ventures	**284**	218	276
Other investments	**414**	324	362
Deferred tax assets	**2,046**	1,999	2,214
Other non-current assets	**477**	245	438
Total non-current assets	**14,034**	11,727	14,021
Current assets			
Inventories	**2,347**	2,130	2,177
Current tax recoverable	**480**	418	416
Trade and other receivables	**5,336**	4,990	5,348
Liquid investments	**1,039**	1,490	1,025
Cash and cash equivalents	**4,740**	2,774	4,209
Assets held for sale	**2**	3	2
Total current assets	**13,944**	11,805	13,177
TOTAL ASSETS	**27,978**	23,532	27,198
LIABILITIES			
Current liabilities			
Short-term borrowings	**(863)**	(1,686)	(1,200)
Trade and other payables	**(4,931)**	(4,155)	(5,147)
Current tax payable	**(2,635)**	(2,282)	(2,269)
Short-term provisions	**(917)**	(1,017)	(895)
Total current liabilities	**(9,346)**	(9,140)	(9,511)
Non-current liabilities			
Long-term borrowings	**(5,288)**	(4,083)	(5,271)
Deferred tax provision	**(674)**	(473)	(569)
Pensions and other post-employment benefits	**(2,404)**	(2,652)	(3,069)
Other provisions	**(692)**	(509)	(741)
Other non-current liabilities	**(519)**	(420)	(467)
Total non-current liabilities	**(9,577)**	(8,137)	(10,117)
TOTAL LIABILITIES	**(18,923)**	(17,277)	(19,628)
NET ASSETS	**9,055**	6,255	7,570
EQUITY			
Share capital	**1,494**	1,485	1,491
Share premium account	**670**	326	549
Other reserves	**(205)**	(490)	(308)
Retained earnings	**6,859**	4,758	5,579
Shareholders' equity	**8,818**	6,079	7,311
Minority interests	**237**	176	259
TOTAL EQUITY	**9,055**	6,255	7,570

RECONCILIATION OF MOVEMENTS IN EQUITY

	Q1 2006 £m	Q1 2005 £m	2005 £m
Total equity at beginning of period	**7,570**	5,925	5,925
Total recognised income and expense for the period	**2,091**	1,077	4,576
Dividends to shareholders	**(568)**	(571)	(2,390)
Shares issued	**124**	23	252
Shares purchased and held as Treasury shares	**(219)**	(206)	(1,000)
Consideration received for shares transferred by ESOP Trusts	**58**	11	68
Share-based incentive plans net of tax	**48**	60	265
Changes in minority interest shareholdings	**-**	-	(40)
Distributions to minority shareholders	**(49)**	(64)	(86)
Total equity at end of period	**9,055**	6,255	7,570

FINANCIAL REVIEW - BALANCE SHEET

Net assets

The book value of net assets increased by £1,485 million from £7,570 million at 31st December 2005 to £9,055 million at 31st March 2006. This was principally attributable to a reduction in net debt and a decrease in pension and other post-employment liabilities arising from strengthening long-term interest rates, including an increase in the rate used to discount UK pension liabilities from 4.75% to 5.0%, and improving asset values.

The carrying value of investments in associates and joint ventures at 31st March 2006 was £284 million, with a market value of £1,111 million.

Equity

At 31st March 2006, total equity had increased from £7,570 million at 31st December 2005 to £9,055 million. The increase arises principally from retained earnings and actuarial gains on defined benefit pension plans in the period partially offset by further purchases of Treasury shares.

At 31st March 2006, the ESOP Trusts held 161.8 million GSK ordinary shares against the future exercise of share options and share awards. The carrying value, which is the lower of cost or expected proceeds, of £2,245 million has been deducted from other reserves. The market value of these shares was £2,435 million. At 31st March 2006, GSK also held 157.2 million shares as Treasury shares, at a cost of £2,018 million, which has been deducted from retained earnings.

CASH FLOW STATEMENT
Three months ended 31st March 2006

	Q1 2006 £m	Q1 2005 £m	2005 £m
Operating profit	**2,174**	1,747	6,874
Depreciation and other non-cash items	**232**	147	1,103
Increase in working capital	**(43)**	(88)	(323)
(Decrease)/increase in other net liabilities	**(301)**	(259)	11
	2,062	1,547	7,665
Taxation paid	**(280)**	(260)	(1,707)
Net cash inflow from operating activities	**1,782**	1,287	5,958
Cash flow from investing activities			
Purchase of property, plant and equipment	**(231)**	(126)	(903)
Proceeds from sale of property, plant and equipment	**10**	17	54
Purchase of intangible assets	**(36)**	(55)	(278)
Proceeds from sale of intangible assets	**12**	165	221
Purchase of equity investments	**(7)**	(5)	(23)
Proceeds from sale of equity investments	**5**	3	35
Share transactions with minority shareholders	**-**	-	(36)
Purchase of businesses, net of cash acquired	**-**	-	(1,026)
Disposals of businesses and interests in associates	**3**	-	(2)
Investment in associates and joint ventures	**3**	(1)	(2)
Interest received	**70**	61	290
Dividends from associates and joint ventures	**2**	1	10
Net cash (outflow)/inflow from investing activities	**(169)**	60	(1,660)
Cash flow from financing activities			
Decrease in liquid investments	**-**	22	550
Proceeds from own shares for employee share options	**58**	11	68
Issue of share capital	**124**	23	252
Purchase of Treasury shares	**(200)**	(176)	(999)
Increase in long-term loans	**-**	-	982
Repayment of long-term loans	**-**	(4)	(70)
Net repayment of short-term loans	**(333)**	(308)	(857)
Net repayment of obligations under finance leases	**(7)**	(15)	(36)
Interest paid	**(88)**	(96)	(381)
Dividends paid to shareholders	**(568)**	(571)	(2,390)
Dividends paid to minority interests	**(49)**	(58)	(86)
Other financing cash flows	**(24)**	(34)	53
Net cash outflow from financing activities	**(1,087)**	(1,206)	(2,914)
Increase in cash and bank overdrafts in the period	**526**	141	1,384
Exchange adjustments	**(4)**	13	233
Cash and bank overdrafts at beginning of period	**3,972**	2,355	2,355
Cash and bank overdrafts at end of period	**4,494**	2,509	3,972
Cash and bank overdrafts at end of period comprise:			
Cash and cash equivalents	**4,740**	2,774	4,209
Overdrafts	**(246)**	(265)	(237)
	4,494	2,509	3,972

RECONCILIATION OF CASH FLOW TO MOVEMENTS IN NET DEBT

	Q1 2006 £m	Q1 2005 £m	2005 £m
Net debt at beginning of the period	**(1,237)**	(1,984)	(1,984)
Increase in cash and bank overdrafts	**526**	141	1,384
Cash inflow from liquid investments	**-**	(22)	(550)
Net increase in long-term loans	**-**	4	(912)
Net repayment of short-term loans	**333**	308	857
Net repayment of obligations under finance leases	**7**	15	36
Net non-cash funds of businesses acquired	**-**	-	(68)
Exchange adjustments	**-**	8	39
Other non-cash movements	**(1)**	25	(39)
Reduction in net debt	**865**	479	747
Net debt at end of the period	**(372)**	(1,505)	(1,237)

FINANCIAL REVIEW - CASH FLOW

Operating cash flow was £2,062 million in Q1 2006. This represents an increase of £515 million over Q1 2005, principally due to higher operating profits. The operating cash flow is in excess of the funds needed for the routine cash flows of tax, capital expenditure on property, plant and equipment and dividend payments, together amounting to £1,079 million. Receipts of £182 million arose from the exercise of share options: £58 million from shares held by the ESOP Trusts and £124 million from the issue of new shares. In addition, £200 million was spent in the quarter on purchasing the company's shares to be held as Treasury shares.

EXCHANGE RATES

The results and net assets of the Group, as reported in sterling, are affected by movements in exchange rates between sterling and overseas currencies. GSK uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas Group subsidiary and associated undertakings into sterling and period-end rates to translate the net assets of those undertakings. The currencies which most influence these translations, and the relevant exchange rates, are:

	Q1 2006	Q1 2005	2005
Average rates:			
£/US$	**1.75**	1.91	1.82
£/Euro	**1.46**	1.44	1.46
£/Yen	**205.00**	199.00	200.00
Period-end rates:			
£/US$	**1.73**	1.89	1.72
£/Euro	**1.43**	1.45	1.46
£/Yen	**205.00**	202.00	203.00

During Q1 2006, average sterling exchange rates were weaker against the US dollar and stronger against the Euro and the Yen compared with the same period in 2005. Comparing Q1 2006 period-end rates with Q1 2005 period-end rates, sterling was weaker against the US dollar and Euro and stronger against the Yen.

LEGAL MATTERS

The Group is involved in various legal and administrative proceedings, principally product liability, intellectual property, tax, anti-trust, and governmental investigations and related private litigation concerning sales, marketing and pricing. The Group makes provision for those proceedings on a regular basis and may make additional significant provisions for such legal proceedings, as required in the event of further developments in those matters, consistent with generally accepted accounting principles. Litigation, particularly in the USA, is inherently unpredictable and excessive awards that may not be justified by the evidence can occur. The Group could in the future incur judgements or enter into settlements of claims that could result in payments that exceed its current provisions by an amount that would have a material adverse effect on the Group's financial condition, results of operations and cash flows.

Intellectual property claims include challenges to the validity of the patents on various of the Group's products or processes and assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequence of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for the Group.

At 31st March 2006 the Group's aggregate provision for legal and other disputes (not including tax matters described under 'Taxation' on page 10) was over £1.2 billion. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Developments since the date of the Annual Report include:

Intellectual property

With respect to Biovail's patent infringement action against Anchen Pharmaceuticals in respect of *Wellbutrin XL*, the hearing on Anchen's motion for summary judgement has been scheduled for 22nd May 2006. With respect to Biovail's infringement action against Abrika Pharmaceuticals in respect of *Wellbutrin XL*, oral arguments in the patent claims construction hearing and Abrika's motion for summary judgement are scheduled for 27th April 2006.

Sales and marketing and regulation

With respect to the temporary restraining order suspending the FDA approval of an ANDA filed by Roxane Laboratories for a generic form of *Flonase* nasal spray, on 6th March 2006 the US District Court denied the Group's follow-on motion for a preliminary injunction that would have continued the interim relief granted in the temporary restraining order indefinitely, until the case would have been fully litigated. On expiration of the temporary restraining order Roxane began marketing its product while Par Pharmaceuticals also began marketing a generic version of *Flonase* by prior agreement with the Group. In light of those generic entries, on 7th March the Group chose voluntarily to dismiss the pending lawsuit.

Anti-trust

With respect to the *Wellbutrin SR* anti-trust litigation, on 9th March 2006 the judge denied the Group's motion to dismiss the complaints. The Group has filed a motion for certification of an interlocutory review with the US district court judge and will seek immediate appellate review.

With respect to Canadian importation, on 10th March 2006, the Minnesota state court judge denied the Group's motion to dismiss the lawsuit alleging violation of state anti-trust and commercial laws that had been filed by the Minnesota State Attorney General, although a similar motion to dismiss was granted in the federal court claim for violation of federal anti-trust laws. The Group has filed a motion for certification for interlocutory review with the state trial court and will seek immediate appellate review.

Cidra, Puerto Rico manufacturing site

In April 2005, the Group was required to post a bond for $650 million pursuant to the Consent Decree entered into with the FDA in connection with possible deficiencies at the manufacturing site in Cidra, Puerto Rico. The bond was to ensure that product previously seized by the FDA was appropriately destroyed or reconditioned. All the conditions of the bond have been met, following which the bond has been cancelled with the FDA's agreement.

Developments with respect to tax matters are described in 'Taxation' on page 10.

ACCOUNTING PRESENTATION AND POLICIES

This unaudited Results Announcement for the three months ended 31st March 2006 is prepared in accordance with IAS 34 'Interim Financial Reporting' and the accounting policies set out in the Annual Report 2005, except that IFRIC Interpretation 4 'Determining whether an arrangement contains a lease' and an amendment to IAS 39 'Financial guarantee contracts' have been implemented in 2006. There is no material effect of either change on the current or prior periods.

Adjustments have been made to the balance sheet at 31st March 2005 from that published in the Q1 2005 Results Announcement in order to reflect the presentation subsequently adopted in the Annual Report 2005. The adjustments have been made to deferred tax and minority interests and to reflect the revised timing of the recognition of dividends, and they increased net assets and total equity at 31st March 2005 by £469 million compared with the previously reported balances. The adjustments had no impact on the profits reported in Q1 2005.

The income statement, statement of recognised income and expense and cash flow statement for the year ended, and the balance sheet at, 31st December 2005 have been derived from the full Group accounts published in the Annual Report 2005, which have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985.

Data for market share and market growth rates are GSK estimates based on the most recent data from independent external sources and, where appropriate, are valued in sterling at relevant exchange rates. Figures quoted for product market share reflect sales by GSK and licensees.

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in sterling had remained unchanged from those used in the previous year. All commentaries are presented in terms of CER unless otherwise stated.

INVESTOR INFORMATION

Preliminary Announcement of Annual Results 2006
This Announcement was approved by the Board of Directors on Thursday 27th April 2006.

Financial calendar
The company will announce second quarter 2006 results on 26th July 2006. The second interim dividend for 2006 will have an ex-dividend date of 2nd August 2006 and a record date of 4th August 2006 and will be paid on 5th October 2006.

Internet
This Announcement and other information about GSK is available on the company's website at: http://www.gsk.com.

EXHIBIT 21

Press Release

GlaxoSmithKline

Issued: Wednesday 26th July 2006, London

Results announcement for the second quarter 2006

GSK delivers strong Q2 performance and raises 2006 earnings guidance

Q2 EPS of 23.3 pence, up 15% CER (14% reported)

GlaxoSmithKline plc (GSK) today announces its results for the second quarter ended 30th June 2006. The full results are presented under 'Income Statement' on pages 7 and 8, and are summarised below.

FINANCIAL RESULTS*

	Q2 2006 £m	Q2 2005 £m	Growth CER%	Growth £%	**H1 2006 £m**	H1 2005 £m	Growth CER%	Growth £%
Turnover	**5,811**	5,246	9	11	**11,624**	10,282	9	13
Operating profit	**1,911**	1,711	13	12	**4,085**	3,458	14	18
Profit before tax	**1,897**	1,662	15	14	**4,067**	3,373	16	21
Earnings per share	**23.3p**	20.4p	15	14	**49.8p**	41.5p	16	20

Q2 2006 SUMMARY*

- **Strong performance of pharmaceutical products with sales up 10% to £5 billion:**
  - *Seretide/Advair* for asthma/COPD (+12% to £822 million) – landmark TORCH study in COPD to be filed with the FDA in October
  - *Avandia* family of products for diabetes (+32% to £477 million) – US *Avandamet* relaunched in Q2; *Avaglim* (*Avandaryl*) approved in Europe in June
  - Vaccines (+17% to £387 million) – strong growth, driven by excellent US performance (+35%).
- **Progress on major pipeline assets:**
  - *Allermist* – new intranasal steroid for allergic rhinitis filed in the USA and Europe
  - *Entereg* – for post-operative ileus: US launch targeted for year-end
  - *Cervarix* – for cervical cancer; new data reinforces adjuvant advantage; US filing by year-end
  - *Tykerb* – oral breast cancer treatment to be filed in the USA in Q3; Europe by year-end
  - *Redona* – new (DPP-IV) diabetes treatment and rosiglitazone XR for Alzheimer's disease have entered phase III clinical trials.
- **H5N1 vaccine – exciting new headline data show significant immune response at low dose:**
  - Over 80% of trial subjects who received 3.8ug of antigen demonstrated a strong immune response
  - Full data and filing expected before year-end.
- **2006 earnings guidance raised to around 12% EPS growth (in CER terms)**

Commenting on the performance in the quarter and GSK's outlook, JP Garnier, Chief Executive Officer, said: "GSK has had another successful quarter with pharmaceutical sales growth of 10% driving an excellent financial performance and enabling us to raise our earnings guidance to around 12% EPS growth in 2006. The pipeline is progressing well and we have also just received outstanding efficacy data for our H5N1 pandemic vaccine – these results are highly significant and mark real progress in our aspiration to develop a vaccine for use in preparing for an influenza pandemic."

* The Group's practice is to discuss its results in terms of constant exchange rate (CER) growth. All commentaries compare 2006 results with 2005 in CER terms unless otherwise stated. See 'Accounting Presentation and Policies' on page 21.

PHARMACEUTICAL UPDATE

Strong pharmaceutical performance, driven by US growth of 18%

Pharmaceutical turnover rose 10% to £5 billion, driven by a strong performance in the United States (+18% to £2.6 billion). Reported US growth was positively impacted by wholesaler stocking patterns, primarily relating to the re-supply of *Avandia* and *Avandamet*. Underlying US growth is estimated to be approximately 12%.

As expected, sales in Europe have been impacted by generic competition to several key products this year, including *Lamictal*, *Imigran* and *Zofran*. However, continued strong growth from *Seretide*, *Avandia* and vaccines has offset this impact with overall sales in Europe level at £1.4 billion for the quarter.

***Seretide/Advair* sales over £800m. Major new opportunities: HFA inhaler launch, Q3 TORCH filing**

Sales of ***Seretide/Advair***, for asthma and COPD, rose 12% to £822 million, with growth across all regions. In the USA, GSK received FDA approval for the *Advair* HFA metered dose inhaler on 8th June, with launch expected in Q3. This device offers a new, convenient alternative for patients. In October the company also expects to file with regulators, for inclusion in product labelling, the positive results of TORCH – the landmark long-term COPD mortality study.

***Avandia* – strong sales outlook with US re-supply and new 1st line *Avandamet* indication**

The ***Avandia*** family of products for the treatment of type 2 diabetes continued to perform strongly with growth of 32% in the quarter (to £477 million). Reported US sales growth (+33% to £356 million) benefited from the re-supply of *Avandia* and *Avandamet* to the market which took place in the quarter. In July, the company restarted promotion of *Avandamet*, with a new 1st line treatment indication. *Avandamet* is the only TZD combination product to have a 1st line indication.

Avandia products also performed very strongly in Europe (+36% to £54 million) with sales of *Avandamet* more than doubling in the quarter. In addition, ***Avaglim*** (*Avandaryl*), GSK's new combination of *Avandia* and Amaryl, was approved for use in Europe in June.

Vaccines up 17%, driven by strong *Infanrix/Pediarix* performance

Vaccines sales rose 17% to £387 million, driven by the continued strong performance of GSK's multiple vaccine for children, *Infanrix/Pediarix*, worldwide sales of which grew 38% to £129 million.

US vaccine sales were particularly strong (+35% to £90 million), and also benefited from a new broader paediatric indication for ***Havrix***, the company's vaccine to prevent Hepatitis A. Additionally the Advisory Committee on Immunisation Practices (ACIP) recently recommended Hepatitis A vaccination for all US children between the ages of 1 and 2 years. US *Havrix* sales grew 50% to £16 million in the quarter.

Other key growth drivers – *Lamictal*, *Valtrex*, and *Coreg* – contributed £619 million, up 22%

Lamictal for epilepsy and bipolar disorder grew 12% to £245 million. A strong performance in the USA (+31%), which continues to benefit from the bipolar disorder indication, was partially offset by the impact of generic competition in Europe. Sales of ***Valtrex*** for herpes rose 30% to £214 million and ***Coreg*** for heart disease grew 29% to £160 million.

Strong growth from high-potential products – *Requip*, *Avodart*, *Boniva*

Requip for Parkinson's Disease/Restless Legs Syndrome, grew 85% to £64 million. Sales of ***Avodart*** for benign prostatic hyperplasia (enlarged prostate) grew 79% to £51 million. ***Boniva/Bonviva***, the only once-monthly medicine for osteoporosis, continues to grow market share. GSK's co-promotion income for the product was £19 million for the quarter.

Other products:

Total sales of GSK's HIV products rose 1% to £393 million, with strong growth from new products ***Epzicom/Kivexa*** (>100% to £58 million) and ***Lexiva*** (+23% to £32 million) offsetting the continued impact of competition to the company's older products such as ***Combivir*** (-6% to £141m) and ***Epivir*** (-25% to £53 million).

Total ***Wellbutrin*** sales rose 40% to £237 million, with a continued strong performance from *Wellbutrin XL* (+34% to £210 million). The FDA approved *Wellbutrin XL* for the prevention of Seasonal Affective Disorder on 12th June.

Flonase sales fell 53% to £68 million, following the start of generic competition in the USA on 7th March.

PIPELINE UPDATE

Approvals/Filings:

***Allermist* filed in USA and Europe**

GSK's new intranasal steroid for allergic rhinitis was filed in the USA on 28th June and in Europe on 21st July. Positive phase II data on *Allermist*, presented at the European Academy of Allergology and Clinical Immunology (EAACI) meeting on 12th June, demonstrated a statistically significant improvement in both nasal and ocular symptoms compared with placebo.

***Entereg*; FDA action date in November**

A response to the FDA's approvable letter for ***Entereg*** for the treatment of post-operative ileus was submitted on 31st May, and the FDA action date for this indication is in November. Separately, phase III trials for *Entereg* in the treatment of opioid-induced GI side effects are ongoing and filing in this indication is expected in mid-2007.

New *Cervarix* data reinforces adjuvant advantage

New data were published in July showing that GSK's proprietary adjuvant system for its cervical cancer vaccine ***Cervarix*** induced a consistently stronger and more sustained immune response over a 3½ year period, than the same vaccine formulated with a conventional aluminium adjuvant. Data presented at ASCO on *Cervarix* also demonstrated significant immunogenicity in women over 25 – the first data to be presented on an HPV vaccine in older women. *Cervarix* has now been filed in Europe and in 28 International markets and remains on track for filing in the USA by the end of the year.

Approvable letter for *Trexima* received

An approvable letter for ***Trexima*** – a treatment for migraine, developed in collaboration with Pozen – was received on 9th June. The FDA determined that *Trexima* is effective as an acute treatment for migraine headaches but requested additional safety information; discussions with the regulator are ongoing.

News on other key assets:

ASCO - outstanding *Tykerb* efficacy data presented; US filing in Q3

Positive data on ***Tykerb*** were presented at ASCO showing that *Tykerb* significantly improved the time to disease progression for patients with (ErbB2+) advanced breast cancer whose disease progressed on Herceptin. Encouraging data demonstrating activity against brain metastases associated with breast cancer were also presented, as well as positive results in inflammatory breast cancer – a severely aggressive form of the disease. GSK now plans to file *Tykerb* for regulatory approval in the USA in the third quarter and in Europe later in the year.

Also at ASCO, GSK presented results on its **MAGE-A3 immunotherapeutic vaccine** for non-small cell lung cancer. The phase II study showed a one-third reduction in relative risk of cancer recurrence following surgery in those patients treated with MAGE-A3, compared with placebo. Although this reduction did not reach statistical significance at this interim stage the trend was very encouraging. Final results from this trial are expected later this year.

Efficacy profile building for *Promacta* (eltrombopag)

Positive phase II data for ***Promacta***, a novel oral platelet growth factor, were received in the quarter in patients with Hepatitis C associated thrombocytopenia. These results will be submitted for presentation at the American Association for the Study of Liver Disease (AASLD) meeting in October.

During the quarter, enrolment was also completed for a phase III trial examining the use of *Promacta* as a short-term (6 week) treatment for idiopathic thrombocytopenic purpura (ITP); and a phase II trial for the treatment of chemotherapy-induced thrombocytopenia.

H5N1 vaccine – headline data show significant immune response

GSK announced today that headline data from one of its trials for its candidate H5N1 pandemic flu vaccine has shown a high immune response rate at a low dose. The vaccine, which uses a proprietary adjuvant, enabled over 80% of subjects who received 3.8ug of antigen (the lowest dose tested in the study) to demonstrate a strong seroprotective immune response. This level of seroprotection exceeds target criteria set out by regulatory agencies for registration of influenza vaccines. Efficacy results at these levels have not been reported for any other H5N1 vaccine in development to date, including those using other adjuvants such as alum.

Further data from this trial and others are expected to be available in Q3 2006, including assessment of the vaccine's ability to offer cross protection against variants of the H5N1 strain.

Two major assets enter phase III development

Phase III trials for ***Redona*** (denagliptin), GSK's DPP-IV inhibitor for the treatment of type 2 diabetes, started during the quarter.

Phase III clinical trials involving over 2,500 patients have also begun to assess the use of rosiglitazone XR in the treatment of Alzheimer's disease. This is a novel approach to treat Alzheimer's based on the growing body of scientific evidence that patients with the disease have reduced glucose metabolism in the brain.

Other pipeline news:

Development of radafaxine, for depression, has been discontinued due to an unfavourable risk/benefit assessment.

CONSUMER HEALTHCARE UPDATE

Consumer Healthcare sales up 5%; strong performance from key brands – *Lucozade* and *Sensodyne*.

Total Consumer Healthcare sales grew 5% to £790 million. Sales in Europe and International markets continued to grow strongly, 8% and 9% respectively. Sales in North America were £200 million, but declined 3%, in part reflecting the impact of product divestments in 2005.

- Sales of **Nutritional healthcare** products grew 7% to £172 million. ***Lucozade*** reported another strong quarter with 18% growth, boosted by increased promotional activities. ***Ribena*** sales declined 6% to £45 million.

- **Oral care** sales grew 7% to £253 million. A strong performance from ***Sensodyne*** with sales growth of 25%, more than offset the impact of a 5% reduction in sales of ***Aquafresh***.

- **Over-the-counter** medicine sales grew 3% to £365 million. Sales growth across several categories including Analgesics (+13%), Smoking Control products (+8%) and Respiratory Tract medicines (+10%), offset the loss of sales from products divested in 2005.

FINANCIAL REVIEW

These results have been prepared under International Financial Reporting Standards as adopted for use in the European Union (see 'Accounting Presentation and Policies' on page 21).

Operating profit and earnings per share

Operating profit of £1,911 million grew by 13%, which was above the turnover growth of 9%, reflecting an improved cost of sales margin and higher other operating income partly offset by increased R&D expenditure. SG&A grew 8%. Excluding costs for legal matters, SG&A grew by 2%, well below turnover growth.

The cost of sales margin benefited from favourable product and regional mix changes compared with the previous year. R&D expenditure for the quarter increased as a percentage of sales to 14.7%.

In the quarter, gains from asset disposals were £91 million (£10 million in 2005), costs for legal matters were £123 million (£33 million in 2005), the fair value movements on the Quest collar and Theravance options were unfavourable £69 million (£9 million unfavourable in 2005) and net income related to restructuring programmes was £4 million (£24 million charge in 2005). The total operating profit impact of these items was a £97 million charge in 2006, compared with a £56 million charge in 2005, resulting in a 2 percentage point reduction in operating profit growth for the quarter.

Profit after taxation grew by 14% which was marginally higher than the growth in operating profit and reflected lower net interest costs, partially offset by a higher expected tax rate for the year.

EPS of 23.3 pence increased 15% in CER terms (14% in sterling terms) compared with Q2 2005. The adverse currency impact of 1% on EPS reflected exchange losses on settlement of foreign currency balances in the quarter partly offset by a stronger dollar.

Currencies

The Q2 2006 results are based on average exchange rates, principally £1/$1.83, £1/Euro 1.44 and £1/Yen 209. The period-end exchange rates were £1/$1.85, £1/Euro 1.45 and £1/Yen 211. At 21st July 2006, the exchange rates were £1/$1.85, £1/Euro 1.46 and £1/Yen 216. If exchange rates were to hold at this level for the remainder of 2006, the currency impact on EPS growth for the full-year would be broadly neutral.

Dividend

The Board has declared a second interim dividend of 11 pence per share. This compares with a dividend of 10 pence per share for Q2 2005. The equivalent dividend receivable by ADR holders is 40.6340 cents per ADS based on an exchange rate of £1/$1.8470. The dividend will have an ex-dividend date of 2nd August 2006, a record date of 4th August 2006 and will be paid on 5th October 2006.

Earnings guidance

GSK earnings guidance for the full-year 2006 is around 12% EPS growth in CER terms. Previously guidance was for EPS growth of around 10% in CER terms.

Share buy-back programme

GSK repurchased £293 million of shares in Q2 2006, to be held as Treasury shares, and expects to repurchase £1 billion of shares for the full year 2006. The exact amount and timing of future purchases, and the extent to which repurchased shares will be held as Treasury shares rather than being cancelled, will be determined by the company and is dependent on market conditions and other factors.

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information including a copy of this announcement and details of the company's updated product development pipeline, visit GSK at www.gsk.com.

Enquiries:	**UK Media**	Philip Thomson	(020) 8047 5502
		Gwenan Evans	(020) 8047 5502
		Alice Hunt	(020) 8047 5502
	US Media	Nancy Pekarek	(215) 751 7709
		Mary Anne Rhyne	(919) 483 2839
		Patricia Seif	(215) 751 7709
	European Analyst / Investor	Anita Kidgell	(020) 8047 5542
		Jen Hill	(020) 8047 5543
		David Mawdsley	(020) 8047 5564
	US Analyst / Investor	Frank Murdolo	(215) 751 7002
		Tom Curry	(215) 751 5419

Cautionary statement regarding forward-looking statements
Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the 'Operating and Financial Review and Prospects' in the company's Annual Report 2005.

INCOME STATEMENT
Three months ended 30th June 2006

	Q2 2006 £m	Growth CER%	Q2 2005 £m
Turnover:			
Pharmaceuticals	**5,021**	**10**	4,505
Consumer Healthcare	**790**	**5**	741
TURNOVER	**5,811**	**9**	5,246
Cost of sales	**(1,209)**	**3**	(1,155)
Gross profit	**4,602**	**11**	4,091
Selling, general and administration	**(1,883)**	**8**	(1,681)
Research and development	**(853)**	**20**	(702)
Other operating income	**45**		3
Operating profit:			
Pharmaceuticals	**1,748**	**15**	1,540
Consumer Healthcare	**163**	**(6)**	171
OPERATING PROFIT	**1,911**	**13**	1,711
Finance income	**67**		56
Finance expense	**(93)**		(115)
Share of after tax profits of associates and joint ventures	**12**		10
PROFIT BEFORE TAXATION	**1,897**	**15**	1,662
Taxation	**(560)**		(473)
Tax rate %	***29.5%***		*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	**1,337**	**14**	1,189
Profit attributable to minority interests	**22**		31
Profit attributable to shareholders	**1,315**		1,158
	1,337		1,189
EARNINGS PER SHARE	**23.3p**	**15**	20.4p
Diluted earnings per share	**23.0p**		20.2p

INCOME STATEMENT
Six months ended 30th June 2006

	H1 2006 £m	Growth CER%	H1 2005 £m	2005 £m
Turnover:				
Pharmaceuticals	**10,066**	**10**	8,844	18,661
Consumer Healthcare	**1,558**	**6**	1,438	2,999
TURNOVER	**11,624**	**9**	10,282	21,660
Cost of sales	**(2,343)**	**1**	(2,282)	(4,764)
Gross profit	**9,281**	**12**	8,000	16,896
Selling, general and administration	**(3,706)**	**6**	(3,326)	(7,250)
Research and development	**(1,606)**	**15**	(1,365)	(3,136)
Other operating income	**116**		149	364
Operating profit:				
Pharmaceuticals	**3,782**	**15**	3,166	6,159
Consumer Healthcare	**303**	**1**	292	715
OPERATING PROFIT	**4,085**	**14**	3,458	6,874
Finance income	**140**		105	257
Finance expense	**(185)**		(213)	(451)
Share of after tax profits of associates and joint ventures	**27**		23	52
PROFIT BEFORE TAXATION	**4,067**	**16**	3,373	6,732
Taxation	**(1,200)**		(961)	(1,916)
Tax rate %	***29.5%***		*28.5%*	*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	**2,867**	**15**	2,412	4,816
Profit attributable to minority interests	**50**		52	127
Profit attributable to shareholders	**2,817**		2,360	4,689
	2,867		2,412	4,816
EARNINGS PER SHARE	**49.8p**	**16**	41.5p	82.6p
Diluted earnings per share	**49.2p**		41.2p	82.0p

PHARMACEUTICAL TURNOVER
Three months ended 30th June 2006

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**1,232**	**-**	**582**	**(4)**	**441**	**3**	**209**	**10**
Seretide/Advair	822	12	453	13	293	10	76	12
Flixotide/Flovent	164	2	69	8	45	(8)	50	4
Serevent	74	(13)	21	(19)	36	(16)	17	6
Flixonase/Flonase	68	(53)	34	(68)	17	(11)	17	-
CENTRAL NERVOUS SYSTEM	**918**	**18**	**644**	**35**	**152**	**(18)**	**122**	**5**
Seroxat/Paxil	159	5	40	40	38	(19)	81	7
Paxil IR	122	(1)	8	50	38	(17)	76	5
Paxil CR	37	33	32	38			5	50
Wellbutrin	237	40	232	39	-	-	5	>100
Wellbutrin IR, SR	27	>100	24	>100	-	-	3	>100
Wellbutrin XL	210	34	208	34			2	100
Imigran/Imitrex	175	7	134	19	30	(19)	11	(23)
Lamictal	245	12	186	31	46	(27)	13	(7)
Requip	64	85	41	>100	20	18	3	50
ANTI-VIRALS	**719**	**12**	**344**	**11**	**218**	**7**	**157**	**21**
HIV	**393**	**1**	**182**	**(5)**	**163**	**1**	**48**	**24**
Combivir	141	(6)	63	(11)	58	(3)	20	6
Trizivir	72	(5)	38	(5)	29	(9)	5	33
Epivir	53	(25)	18	(29)	25	(27)	10	(9)
Ziagen	29	(19)	12	(20)	10	(38)	7	40
Agenerase, Lexiva	32	23	18	13	12	50	2	-
Epzicom/Kivexa	58	>100	32	72	23	>100	3	>100
Herpes	**245**	**25**	**151**	**39**	**36**	**3**	**58**	**9**
Valtrex	214	30	149	39	28	13	37	16
Zovirax	31	(3)	2	100	8	(20)	21	-
Zeffix	40	5	3	-	6	(14)	31	11
Relenza	17	>100	-	-	10	-	7	>100
METABOLIC	**529**	**32**	**372**	**37**	**61**	**33**	**96**	**15**
Avandia	408	23	315	25	33	14	60	19
Avandamet	64	>100	37	>100	21	100	6	>100
Avandaryl	5	-	4	-			1	-
Bonviva/Boniva	19	>100	16	>100	3	-	-	-
VACCINES	**387**	**17**	**90**	**35**	**175**	**16**	**122**	**8**
Hepatitis	121	3	42	24	58	(11)	21	10
Infanrix/Pediarix	129	38	39	25	76	45	14	44
Boostrix	15	>100	9	>100	4	100	2	100
CARDIOVASCULAR AND UROGENITAL	**383**	**21**	**228**	**36**	**102**	**(5)**	**53**	**30**
Coreg	160	29	158	28			2	100
Levitra	9	(18)	8	-	1	-	-	-
Avodart	51	79	30	>100	17	14	4	100
Arixtra	13	>100	6	50	6	>100	1	100
Fraxiparine	56	-			47	-	9	-
ANTI-BACTERIALS	**326**	**(8)**	**46**	**(16)**	**149**	**(7)**	**131**	**(5)**
Augmentin	134	(15)	18	(38)	64	(10)	52	(9)
Zinnat/Ceftin	37	(10)	2	100	18	(18)	17	(6)
ONCOLOGY AND EMESIS	**289**	**15**	**226**	**21**	**42**	**-**	**21**	**(9)**
Zofran	229	11	183	18	31	(9)	15	(6)
Hycamtin	28	22	17	21	9	14	2	50
OTHER	**238**	**(9)**	**22**	**31**	**64**	**(20)**	**152**	**(8)**
Zantac	61	2	19	46	14	(13)	28	(9)
	5,021	**10**	**2,554**	**18**	**1,404**	**-**	**1,063**	**6**

Pharmaceutical turnover includes co-promotion income.

PHARMACEUTICAL TURNOVER
Six months ended 30th June 2006

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**2,541**	**2**	**1,252**	**-**	**865**	**3**	**424**	**7**
Seretide/Advair	1,638	12	913	12	569	11	156	16
Flixotide/Flovent	342	6	155	18	92	(6)	95	1
Serevent	148	(11)	44	(16)	72	(13)	32	3
Flixonase/Flonase	199	(39)	128	(47)	30	(9)	41	(26)
CENTRAL NERVOUS SYSTEM	**1,814**	**15**	**1,267**	**27**	**316**	**(14)**	**231**	7
Seroxat/Paxil	320	-	93	13	79	(20)	148	8
Paxil IR	232	(6)	14	(18)	79	(19)	139	6
Paxil CR	88	22	79	21			9	75
Wellbutrin	454	31	445	31	1	-	8	60
Wellbutrin IR, SR	51	9	45	5	1	-	5	67
Wellbutrin XL	403	35	400	35			3	50
Imigran/Imitrex	357	4	269	9	67	(4)	21	(17)
Lamictal	482	13	360	32	94	(25)	28	-
Requip	122	84	78	>100	39	22	5	25
ANTI-VIRALS	**1,418**	**11**	**682**	**7**	**427**	**10**	**309**	**22**
HIV	**792**	**3**	**364**	**(5)**	**326**	**7**	**102**	**18**
Combivir	284	(5)	125	(14)	117	1	42	15
Trizivir	144	(6)	75	(9)	61	(3)	8	-
Epivir	113	(19)	38	(27)	51	(19)	24	-
Ziagen	61	(14)	25	(14)	21	(30)	15	27
Agenerase, Lexiva	65	31	37	20	24	60	4	-
Epzicom/Kivexa	109	>100	61	76	42	>100	6	>100
Herpes	**481**	**19**	**296**	**28**	**72**	**3**	**113**	**10**
Valtrex	418	23	292	28	54	10	72	19
Zovirax	63	(5)	4	33	18	(14)	41	(2)
Zeffix	78	14	6	-	11	-	61	18
Relenza	24	>100	1	-	15	-	8	>100
METABOLIC	**963**	**29**	**667**	**32**	**119**	**39**	**177**	**16**
Avandia	752	26	580	29	65	18	107	18
Avandamet	92	24	41	(20)	40	>100	11	57
Avandaryl	17	-	16	-			1	-
Bonviva/Boniva	34	>100	30	>100	4	-	-	-
VACCINES	**753**	**29**	**173**	**38**	**340**	**30**	**240**	**22**
Hepatitis	237	10	79	25	113	1	45	10
Infanrix/Pediarix	253	45	80	28	144	57	29	42
Boostrix	24	>100	14	>100	7	>100	3	50
CARDIOVASCULAR AND UROGENITAL	**809**	**25**	**522**	**44**	**198**	**(5)**	**89**	**21**
Coreg	385	41	382	42			3	-
Levitra	20	(10)	18	-	1	(50)	1	-
Avodart	98	76	58	>100	33	27	7	50
Arixtra	24	>100	13	100	10	>100	1	>100
Fraxiparine	107	(2)			91	-	16	(12)
ANTI-BACTERIALS	**704**	**(10)**	**108**	**(21)**	**329**	**(14)**	**267**	-
Augmentin	304	(14)	49	(36)	147	(13)	108	(1)
Zinnat/Ceftin	87	(18)	6	50	44	(31)	37	-
ONCOLOGY AND EMESIS	**577**	**14**	**451**	**21**	**83**	**(2)**	**43**	**(5)**
Zofran	459	12	364	18	61	(8)	34	(6)
Hycamtin	57	15	37	13	16	14	4	33
OTHER	**487**	**(8)**	**47**	**33**	**122**	**(25)**	**318**	**(3)**
Zantac	126	4	40	50	28	(10)	58	(8)
	10,066	**10**	**5,169**	**17**	**2,799**	**1**	**2,098**	**9**

Pharmaceutical turnover includes co-promotion income.

CONSUMER HEALTHCARE TURNOVER
Three months ended 30th June 2006

	Q2 2006 £m	Growth CER%
Over-the-counter medicines	**365**	**3**
Analgesics	99	13
Dermatological	45	(4)
Gastrointestinal	63	2
Respiratory tract	35	10
Smoking control	84	8
Natural wellness support	30	(9)
Oral care	**253**	**7**
Nutritional healthcare	**172**	**7**
Total	**790**	**5**

CONSUMER HEALTHCARE TURNOVER
Six months ended 30th June 2006

	H1 2006 £m	Growth CER%
Over-the-counter medicines	**739**	**3**
Analgesics	194	10
Dermatological	85	(4)
Gastrointestinal	128	2
Respiratory tract	76	9
Smoking control	177	6
Natural wellness support	64	(5)
Oral care	**495**	**7**
Nutritional healthcare	**324**	**8**
Total	**1,558**	**6**

FINANCIAL REVIEW – INCOME STATEMENT

Operating profit

	Q2 2006		Q2 2005		Growth	
	£m	% of turnover	£m	% of turnover	CER%	£%
Turnover	**5,811**	**100.0**	5,246	100.0	9	11
Cost of sales	**(1,209)**	**(20.8)**	(1,155)	(22.0)	3	5
Selling, general and administration	**(1,883)**	**(32.4)**	(1,681)	(32.0)	8	12
Research and development	**(853)**	**(14.7)**	(702)	(13.4)	20	22
Other operating income	**45**	**0.8**	3	-		
Operating profit	**1,911**	**32.9**	1,711	32.6	13	12

Overall, the operating margin increased 0.3 percentage points as sterling operating profit increased 12% on a sterling turnover growth of 11% reflecting a lower cost of sales margin and an increase in other operating income partially offset by an increased R&D margin.

Cost of sales decreased as a percentage of turnover by 1.2 percentage points, principally reflecting favourable product and regional mix effects.

SG&A as a percentage of turnover increased 0.4 percentage points. At constant exchange rates the growth was 8%, reflecting increased costs for legal matters. Excluding these costs SG&A grew by 2%, well below turnover growth.

R&D expenditure as a percentage of turnover increased 1.3 percentage points to 14.7% which was ahead of turnover growth. Pharmaceuticals R&D expenditure represented 16.4% of pharmaceutical turnover.

Other operating income includes royalty income, equity investment disposals and impairments, product disposals and fair value adjustments to the Quest collar and Theravance options. Other operating income was £45 million in Q2 2006 compared with £3 million in Q2 2005. The increase is due to increased product and asset disposal gains compared with the same period in 2005, partially offset by a higher unfavourable fair value movement of £69 million in the Quest collar and Theravance options in 2006 compared with a £9 million unfavourable fair value movement in Q2 2005.

Taxation

The charge for taxation on profit, amounting to £560 million represents an effective tax rate of 29.5%, which is the expected rate for the year (2005 – 28.5%).

Transfer pricing issues are as previously described in the 'Taxation' note to the Financial Statements included in the Annual Report 2005. The Group has open issues with the revenue authorities in the USA, UK, Japan and Canada; by far the largest of which relates to the legal dispute with the US Internal Revenue Service (IRS) in respect of Glaxo heritage products. With respect to the claims of the IRS for the years 1989-2000, the total claims for these periods amount to $4.6 billion of additional taxes together with related interest to 30th June 2006 of $4.0 billion, net of federal tax relief, giving a total of $8.6 billion. As similar issues remain open for 2001 to date, GSK expects to receive further substantial claims by the IRS for these years.

During the first quarter the US Tax Court delayed the start of the trial from October 2006 to January 2007. Due to extensive flooding in the IRS National Office in June, the Court has agreed a further delay of at least 30 days in the trial schedule. The Group expects a decision in the second half of 2008.

At 30th June 2006, the Group had a tax creditor balance of £2.3 billion, which includes provisions for the estimated amounts at which transfer pricing and other tax disputes might ultimately be settled.

GSK uses the best advice in determining its transfer pricing methodology and in seeking to manage transfer pricing issues to a satisfactory conclusion and, on the basis of external professional advice, continues to believe that it has made adequate provision for the liabilities likely to arise from open assessments. However, there continues to be a wide difference of views between the Group, the IRS, HMRC and other relevant taxation authorities where open issues exist. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of litigation proceedings and negotiations with the relevant tax authorities.

Weighted average number of shares

	Q2 2006 millions	Q2 2005 millions
Weighted average number of shares – basic	**5,656**	5,680
Dilutive effect of share options and share awards	**73**	42
Weighted average number of shares – diluted	**5,729**	5,722

	H1 2006 millions	H1 2005 millions	2005 millions
Weighted average number of shares – basic	**5,657**	5,686	5,674
Dilutive effect of share options and share awards	**71**	39	46
	5,728	5,725	5,720

The number of shares in issue, excluding those held by the ESOP Trusts and those held as Treasury shares at 30th June 2006, was 5,648 million (30th June 2005: 5,672 million).

Dividends

	Paid/ payable	Pence per share	£m
2006			
First interim	6th July 2006	11	620
Second interim	5th October 2006	11	621
2005			
First interim	7th July 2005	10	570
Second interim	6th October 2005	10	567
Third interim	5th January 2006	10	568
Fourth interim	6th April 2006	14	791
		44	2,496

The liability for an interim dividend is only recognised when it is paid, which is usually after the accounting period to which it relates. The first and second interim dividends have not been recognised in these results.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	H1 2006 £m	H1 2005 £m	2005 £m
Exchange movements on overseas net assets	**(234)**	24	203
Tax on exchange movements	**(107)**	38	99
Fair value movements on available-for-sale investments	**1**	(31)	(1)
Deferred tax on fair value movements	**(2)**	4	(10)
Exchange movements on goodwill in reserves	**9**	5	9
Actuarial gains/(losses) on defined benefit plans	**644**	(351)	(794)
Deferred tax on actuarial movements in defined benefit plans	**(211)**	119	257
Fair value movements on cash flow hedges	**(2)**	3	(4)
Deferred tax on fair value movements on cash flow hedges	**1**	(2)	1
Net gains/(losses) recognised directly in equity	**99**	(191)	(240)
Profit for the period	**2,867**	2,412	4,816
Total recognised income and expense for the period	**2,966**	2,221	4,576
Total recognised income and expense for the period attributable to:			
Shareholders	**2,937**	2,156	4,423
Minority interests	**29**	65	153
	2,966	2,221	4,576

BALANCE SHEET

	30th June 2006 £m	30th June 2005 £m	31st December 2005 £m
ASSETS			
Non-current assets			
Property, plant and equipment	**6,731**	6,225	6,652
Goodwill	**685**	304	696
Other intangible assets	**3,227**	2,592	3,383
Investments in associates and joint ventures	**283**	241	276
Other investments	**341**	328	362
Deferred tax assets	**2,001**	2,102	2,214
Other non-current assets	**568**	528	438
Total non-current assets	**13,836**	12,320	14,021
Current assets			
Inventories	**2,403**	2,168	2,177
Current tax recoverable	**477**	407	416
Trade and other receivables	**4,991**	4,883	5,348
Liquid investments	**997**	288	1,025
Cash and cash equivalents	**3,782**	5,371	4,209
Assets held for sale	**2**	3	2
Total current assets	**12,652**	13,120	13,177
TOTAL ASSETS	**26,488**	25,440	27,198
LIABILITIES			
Current liabilities			
Short-term borrowings	**(556)**	(1,708)	(1,200)
Trade and other payables	**(4,493)**	(4,272)	(5,147)
Current tax payable	**(2,270)**	(2,219)	(2,269)
Short-term provisions	**(929)**	(943)	(895)
Total current liabilities	**(8,248)**	(9,142)	(9,511)
Non-current liabilities			
Long-term borrowings	**(4,878)**	(5,212)	(5,271)
Deferred tax provision	**(650)**	(451)	(569)
Pensions and other post-employment benefits	**(2,385)**	(3,017)	(3,069)
Other provisions	**(668)**	(572)	(741)
Other non-current liabilities	**(625)**	(461)	(467)
Total non-current liabilities	**(9,206)**	(9,713)	(10,117)
TOTAL LIABILITIES	**(17,454)**	(18,855)	(19,628)
NET ASSETS	**9,034**	6,585	7,570
EQUITY			
Share capital	**1,496**	1,486	1,491
Share premium account	**768**	350	549
Other reserves	**(157)**	(465)	(308)
Retained earnings	**6,708**	5,026	5,579
Shareholders' equity	**8,815**	6,397	7,311
Minority interests	**219**	188	259
TOTAL EQUITY	**9,034**	6,585	7,570

RECONCILIATION OF MOVEMENTS IN EQUITY

	H1 2006 £m	H1 2005 £m	2005 £m
Total equity at beginning of period	**7,570**	5,925	5,925
Total recognised income and expense for the period	**2,966**	2,221	4,576
Dividends to shareholders	**(1,359)**	(1,255)	(2,390)
Shares issued	**224**	48	252
Shares purchased and held as Treasury shares	**(512)**	(390)	(1,000)
Consideration received for shares transferred by ESOP Trusts	**103**	19	68
Share-based incentive plans net of tax	**111**	122	265
Changes in minority interest shareholdings	**(3)**	(32)	(40)
Distributions to minority shareholders	**(66)**	(73)	(86)
Total equity at end of period	**9,034**	6,585	7,570

FINANCIAL REVIEW - BALANCE SHEET

Net assets

The book value of net assets increased by £1,464 million from £7,570 million at 31st December 2005 to £9,034 million at 30th June 2006. This was principally attributable to a reduction in net debt and a decrease in pension and other post-employment liabilities arising from strengthening long-term interest rates, including an increase in the rate used to discount UK pension liabilities from 4.75% to 5.25%.

The carrying value of investments in associates and joint ventures at 30th June 2006 was £283 million, with a market value of £1,215 million.

Equity

At 30th June 2006, total equity had increased from £7,570 million at 31st December 2005 to £9,034 million. The increase arises principally from retained earnings and actuarial gains on defined benefit pension plans in the period partially offset by further purchases of Treasury shares.

At 30th June 2006, the ESOP Trusts held 158.1 million GSK ordinary shares against the future exercise of share options and share awards. The carrying value of £2,151 million has been deducted from other reserves. The market value of these shares was £2,389 million. At 30th June 2006, GSK also held 176.6 million shares as Treasury shares, at a cost of £2,311 million, which has been deducted from retained earnings.

CASH FLOW STATEMENT
Three months ended 30th June 2006

	Q2 2006 £m	Q2 2005 £m
Operating profit	**1,911**	1,711
Depreciation and other non-cash items	**352**	269
(Increase)/decrease in working capital	**(128)**	11
(Decrease)/increase in other net liabilities	**(54)**	82
	2,081	2,073
Taxation paid	**(959)**	(543)
Net cash inflow from operating activities	**1,122**	1,530
Cash flow from investing activities		
Purchase of property, plant and equipment	**(297)**	(192)
Proceeds from sale of property, plant and equipment	**7**	10
Purchase of intangible assets	**(45)**	(97)
Proceeds from sale of intangible assets	**95**	5
Purchase of equity investments	**(6)**	(3)
Proceeds from sale of equity investments	**11**	8
Share transactions with minority shareholders	**-**	(32)
Purchase of businesses, net of cash acquired	**(24)**	-
Investment in associates and joint ventures	**(10)**	(1)
Interest received	**69**	68
Dividends from associates and joint ventures	**5**	2
Net cash outflow from investing activities	**(195)**	(232)
Cash flow from financing activities		
Decrease in liquid investments	**10**	1,210
Proceeds from own shares for employee share options	**45**	8
Issue of share capital	**100**	25
Purchase of Treasury shares	**(305)**	(214)
Increase in long-term loans	**-**	982
Repayment of long-term loans	**-**	(51)
(Net repayment of)/increase in short-term loans	**(584)**	2
Net repayment of obligations under finance leases	**(10)**	(3)
Interest paid	**(85)**	(108)
Dividends paid to shareholders	**(791)**	(684)
Dividends paid to minority interests	**(17)**	(15)
Other financing cash flows	**(26)**	(43)
Net cash (outflow)/inflow from financing activities	**(1,663)**	1,109
(Decrease)/increase in cash and bank overdrafts in the period	**(736)**	2,407
Exchange adjustments	**(215)**	134
Cash and bank overdrafts at beginning of period	**4,494**	2,509
Cash and bank overdrafts at end of period	**3,543**	5,050
Cash and bank overdrafts at end of period comprise:		
Cash and cash equivalents	**3,782**	5,371
Overdrafts	**(239)**	(321)
	3,543	5,050

CASH FLOW STATEMENT
Six months ended 30th June 2006

	H1 2006 £m	H1 2005 £m	2005 £m
Operating profit	**4,085**	3,458	6,874
Depreciation and other non-cash items	**584**	416	1,103
Increase in working capital	**(171)**	(77)	(323)
(Decrease)/increase in other net liabilities	**(355)**	(177)	11
	4,143	3,620	7,665
Taxation paid	**(1,239)**	(803)	(1,707)
Net cash inflow from operating activities	**2,904**	2,817	5,958
Cash flow from investing activities			
Purchase of property, plant and equipment	**(528)**	(318)	(903)
Proceeds from sale of property, plant and equipment	**17**	27	54
Purchase of intangible assets	**(81)**	(152)	(278)
Proceeds from sale of intangible assets	**107**	170	221
Purchase of equity investments	**(13)**	(8)	(23)
Proceeds from sale of equity investments	**16**	11	35
Share transactions with minority shareholders	**-**	(32)	(36)
Purchase of businesses, net of cash acquired	**(24)**	-	(1,026)
Disposals of businesses and interests in associates	**3**	-	(2)
Investment in associates and joint ventures	**(7)**	(2)	(2)
Interest received	**139**	129	290
Dividends from associates and joint ventures	**7**	3	10
Net cash outflow from investing activities	**(364)**	(172)	(1,660)
Cash flow from financing activities			
Decrease in liquid investments	**10**	1,232	550
Proceeds from own shares for employee share options	**103**	19	68
Issue of share capital	**224**	48	252
Purchase of Treasury shares	**(505)**	(390)	(999)
Increase in long-term loans	**-**	982	982
Repayment of long-term loans	**-**	(55)	(70)
Net repayment of short-term loans	**(917)**	(306)	(857)
Net repayment of obligations under finance leases	**(17)**	(18)	(36)
Interest paid	**(173)**	(204)	(381)
Dividends paid to shareholders	**(1,359)**	(1,255)	(2,390)
Dividends paid to minority interests	**(66)**	(73)	(86)
Other financing cash flows	**(50)**	(77)	53
Net cash outflow from financing activities	**(2,750)**	(97)	(2,914)
(Decrease)/increase in cash and bank overdrafts in the period	**(210)**	2,548	1,384
Exchange adjustments	**(219)**	147	233
Cash and bank overdrafts at beginning of period	**3,972**	2,355	2,355
Cash and bank overdrafts at end of period	**3,543**	5,050	3,972
Cash and bank overdrafts at end of period comprise:			
Cash and cash equivalents	**3,782**	5,371	4,209
Overdrafts	**(239)**	(321)	(237)
	3,543	5,050	3,972

RECONCILIATION OF CASH FLOW TO MOVEMENTS IN NET DEBT

	H1 2006 £m	H1 2005 £m	2005 £m
Net debt at beginning of the period	**(1,237)**	(1,984)	(1,984)
(Decrease)/increase in cash and bank overdrafts	**(210)**	2,548	1,384
Cash inflow from liquid investments	**(10)**	(1,232)	(550)
Net increase in long-term loans	**-**	(927)	(912)
Net repayment of short-term loans	**917**	306	857
Net repayment of obligations under finance leases	**17**	18	36
Net non-cash funds of businesses acquired	**-**	-	(68)
Exchange adjustments	**(124)**	52	39
Other non-cash movements	**(8)**	(42)	(39)
Reduction in net debt	**582**	723	747
Net debt at end of the period	**(655)**	(1,261)	(1,237)

FINANCIAL REVIEW - CASH FLOW

Operating cash flow was £2,081 million in Q2 2006. This represents an increase of £8 million over Q2 2005, principally due to higher operating profits offset by an increase in working capital and a decrease in other net liabilities. Taxation paid during the quarter included a withholding tax payment of £296 million which is expected to be recovered in Q4 2006. The operating cash flow is in excess of the funds needed for the routine cash flows of tax, capital expenditure on property, plant and equipment and dividend payments, together amounting to £2,047 million. Receipts of £145 million arose from the exercise of share options: £45 million from shares held by the ESOP Trusts and £100 million from the issue of new shares. In addition, £305 million was spent in the quarter on purchasing the company's shares to be held as Treasury shares.

EXCHANGE RATES

The results and net assets of the Group, as reported in sterling, are affected by movements in exchange rates between sterling and overseas currencies. GSK uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas Group subsidiary and associated undertakings into sterling and period-end rates to translate the net assets of those undertakings. The currencies which most influence these translations, and the relevant exchange rates, are:

	H1 2006	H1 2005	2005
Average rates:			
£/US$	**1.79**	1.88	1.82
£/Euro	**1.45**	1.46	1.46
£/Yen	**207.00**	199.00	200.00
Period-end rates:			
£/US$	**1.85**	1.79	1.72
£/Euro	**1.45**	1.48	1.46
£/Yen	**211.00**	199.00	203.00

During H1 2006, average sterling exchange rates were weaker against the US dollar and the Euro and stronger against the Yen compared with the same period in 2005. Comparing H1 2006 period-end rates with H1 2005 period-end rates, sterling was weaker against the Euro and stronger against the US dollar and the Yen.

LEGAL MATTERS

The Group is involved in various legal and administrative proceedings, principally product liability, intellectual property, tax, anti-trust, and governmental investigations and related private litigation concerning sales, marketing and pricing. The Group makes provision for those proceedings on a regular basis and may make additional significant provisions for such legal proceedings, as required in the event of further developments in those matters, consistent with generally accepted accounting principles. Litigation, particularly in the USA, is inherently unpredictable and excessive awards that may not be justified by the evidence can occur. The Group could in the future incur judgements or enter into settlements of claims that could result in payments that exceed its current provisions by an amount that would have a material adverse effect on the Group's financial condition, results of operations and cash flows.

Intellectual property claims include challenges to the validity of the patents on various of the Group's products or processes and assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequence of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for the Group.

At 30th June 2006, the Group's aggregate provision for legal and other disputes (not including tax matters described under 'Taxation' on page 13) was over £1.2 billion. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Developments since the date of the Annual Report as previously updated by the Legal matters section of the Results Announcement for the first quarter of 2006 include:

Intellectual property

With respect to the Group's patent infringement actions in respect of *Imitrex*, trial dates have been set for 19th September 2006 for Dr. Reddy's Laboratories and Cobalt Pharmaceuticals and 14th November 2006 for Spectrum Pharmaceuticals. The compound patent at issue in these cases affords protection until February 2009 after giving effect to a grant of paediatric exclusivity by the US Food and Drug Administration (FDA). There have been no challenges to the validity of the other *Imitrex* compound patent that expires in June 2007 after giving effect to paediatric exclusivity.

With respect to Biovail's patent infringement action against Anchen Pharmaceuticals in respect of *Wellbutrin XL*, the hearing on Anchen's motion for summary judgement was held on 24th July 2006 but as at the date of this report no decision has been announced. With respect to Biovail's infringement action against Abrika Pharmaceuticals in respect of *Wellbutrin XL*, oral argument on Abrika's motion for summary judgement was held in April 2006 but as at the date of this report no decision has been announced.

With respect to the appeal by Kali Laboratories from the district court decision in favour of the Group in respect of infringement of the Group's method of use patents relating to *Zofran*, the Court of Appeals for the Federal Circuit heard oral argument on 8th June 2006, but as at the date of this report no decision has been announced.

With respect to the Group's patent infringement action against Teva Pharmaceutical USA in respect of the Group's compound patent for ropinirole hydrochloride (the active ingredient in *Requip*), and a method of use patent for treatment of Parkinson's disease, a trial date has been set for 18th December 2006. The compound patent expires in December 2007 and the method of use patent in May 2008.

Cidra, Puerto Rico manufacturing site

In June 2006, the FDA confirmed that the status for the Group's Cidra manufacturing site's classification has been upgraded to 'voluntary action indicated', which means that the FDA deems the site acceptable for the export of products and for routine manufacturing operations.

Developments with respect to tax matters are described in 'Taxation' on page 13.

ACCOUNTING PRESENTATION AND POLICIES

This unaudited Results Announcement containing condensed financial information for the three and six months ended 30th June 2006 is prepared in accordance with IAS 34 'Interim Financial Reporting' and the accounting policies set out in the Annual Report 2005, except that IFRIC Interpretation 4 'Determining whether an arrangement contains a lease' and an amendment to IAS 39 'Financial guarantee contracts' have been implemented in 2006. There is no material effect of either change on the current or prior periods.

Adjustments have been made to the balance sheet at 30th June 2005 from that published in the Q2 2005 Results Announcement in order to reflect the presentation subsequently adopted in the Annual Report 2005. The adjustments have been made to deferred tax and minority interests and to reflect the revised timing of the recognition of dividends, and they have decreased net assets and total equity at 30th June 2005 by £214 million compared with the previously reported balances. The adjustments had no impact on the profits reported in Q2 2005.

The income statement, statement of recognised income and expense and cash flow statement for the year ended, and the balance sheet at, 31st December 2005 have been derived from the full Group accounts published in the Annual Report 2005, which have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985.

Data for market share and market growth rates are GSK estimates based on the most recent data from independent external sources and, where appropriate, are valued in sterling at relevant exchange rates. Figures quoted for product market share reflect sales by GSK and licensees.

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in sterling had remained unchanged from those used in the previous year. All commentaries are presented in terms of CER unless otherwise stated.

INVESTOR INFORMATION

Announcement of Q2 Results 2006
This Announcement was approved by the Board of Directors on Wednesday 26th July 2006.

Half-year Report
In accordance with the Listing Rules of the Financial Services Authority the Half-year Report is expected to be published in the Financial Times, The Daily Telegraph and The Wall Street Journal on Thursday 27th July 2006 and will be available from that date on the GSK website.

Financial calendar
The company will announce third quarter 2006 results on 26th October 2006. The third interim dividend for 2006 will have an ex-dividend date of 1st November 2006 and a record date of 3rd November 2006 and will be paid on 4th January 2007.

Internet
This Announcement and other information about GSK is available on the company's website at: http://www.gsk.com.

INDEPENDENT REVIEW REPORT TO GLAXOSMITHKLINE PLC

Introduction

We have been instructed by the company to review the financial information for the three and six months ended 30th June 2006 which comprises the consolidated interim balance sheet as at 30th June 2006 and the related consolidated interim statements of income, cash flows and recognised income and expense for the three and six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors.

This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting', which requires that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of this Results Announcement and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the three and six months ended 30th June 2006.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26th July 2006

Notes:

(a) The maintenance and integrity of the GlaxoSmithKline plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

EXHIBIT 22

Avandia® reduces risk of progression from pre-diabetes to type 2 diabetes by 62 percent in largest ever diabetes prevention trial[1]

Print
Close

Not for distribution to US Media

Issued – Friday 15th September 2006, London

Pre-diabetes Estimated to Affect 300 Million People Globally[2]

In the largest diabetes-prevention trial ever conducted, Avandia® (rosiglitazone maleate) reduced the risk of developing type 2 diabetes by 62 percent relative to placebo among people at high risk of developing type 2 diabetes. This highly statistically significant reduction of 62 percent ($p<0.0001$) was additive to standard counselling on healthy eating and exercise. The results of the landmark study are being reported today both in *The Lancet* and at the 42nd annual meeting of the European Association for the Study of Diabetes (EASD).[1]

The DREAM (Diabetes REduction Assessment with ramipril and rosiglitazone Medication) trial evaluated the likelihood of progression to type 2 diabetes over a three-year median follow-up period among 5,269 people with a condition known as "pre-diabetes."[1] In pre-diabetes, blood sugar levels are higher than normal, but not yet high enough for a diagnosis of type 2 diabetes.[3] Patients included in the study were rendomised to rosiglitazone (8 mg daily) or placebo and to ramipril (15 mg dally) or placebo and were assessed every six months for three to five years to determine if rosiglitazone or ramipril can reduce the risk of developing type 2 diabetes in pre-diabetic patients, when added to healthy eating and exercise counselling.[1] The DREAM study was not designed as a direct comparison between rosiglitazone and ramipril. Results from the ramipril arm of the study, which increased regression to normoglycemia but did not reduce the risk of diabetes or death, are also being reported at EASD and published separately in the *New EnglandJournal of Medicine*.[4]

In this study, designed and conducted by the Population Health Research Institute at McMaster University, 11.6 percent of people receiving rosiglitazone progressed to type 2 diabetes versus 26 percent of people treated with placebo.[1] In the composite primary endpoint of development of diabetes or death from any cause, rosiglitazone demonstrated a 60 percent risk reduction relative to placebo ($p<0.0001$).[1]

"The DREAM findings are particularly significant as we are in the midst of an epidemic of type 2 diabetes with global implications. It is also noteworthy that the damaging complications of type 2 diabetes can often precede the diagnosis of this condition by several years," said Dr. Bernard Zinman, DREAM Steering Committee Member, director of the Diabetes Centre, Mount SinaiHospitaland professor of medicine, University of Toronto, Canada. "By demonstrating that rosiglitazone significantly reduced the risk of developing type 2 diabetes, these data provide important evidence that it may be possible to alter the course of rising blood sugar levels and its consequences."

Over the three-year median follow-up period of the trial, 51 percent of the people receiving rosiglitazone returned to normal blood sugar levels compared to 30 percent of people receiving placebo; thus, people taking rosiglitazone were about 70 percent ($p<0.0001$) more likely than those taking placebo to return to normal blood sugar levels. As might be expected, people in the placebo group with higher Body Mass Index (BMI), an indicator of obesity, were more likely than those with lower BMIto progress to diabetes. However, the risk of developing diabetes did not increase with BMIin the group randomised to rosiglitazone. These findings suggest that

rosiglitazone may reduce the increased risk of developing diabetes that is attributable to obesity.[1]

"GSKis committed to groundbreaking research for the treatment of pre-diabetes and type 2 diabetes in order to improve patient outcomes. We believe the long awaited findings from the DREAM trial will lead to a better understanding of type 2 diabetes and its treatment," said Dr. Lawson Macartney, senior vice president, Cardiovascular and Metabolic Medicine Development Centre, GlaxoSmithKline. "The DREAM trial is the largest diabetes prevention trial conducted to date and provides the first body of evidence that rosiglitazone can reduce the risk of progression from pre-diabetes to type 2 diabetes in high risk patients."

In the study, rosiglitazone was generally well tolerated. There was no significant difference between the rosiglitazone and placebo groups in withdrawal from study medication before study end, or in the secondary composite endpoint of cardiovascular (CV) events that included myocardial infarction, stroke, CV death, confirmed heart failure, new angina and revascularisation procedures (2.9 percent in the rosiglitazone group [75 events]; 2.1 percent in the placebo group [55 events], p=0.08). There was a low number of deaths in the trial and no significant difference between the two groups (1.1 percent in the rosiglitazone group [30 deaths] versus 1.3 percent in the placebo group [33 deaths], p=0.7). The most commonly reported CV event in the study was revascularisation procedures. More events of confirmed heart failure were reported in people who received rosiglitazone as compared to those who received placebo (0.5 percent in people randomized to rosiglitazone [14 events] versus 0.1 percent in people randomized to placebo [2 events], p=0.01). Data presented by McMasterUniversityshowed that all cases of heart failure were treated effectively during the trial. Information about the potential for heart failure can be found in rosiglitazone prescribing information. At the conclusion of the study, mean bodyweight in the rosiglitazone group had increased slightly (2.2 kg) more than the placebo group.[1,5]

Rosiglitazone belongs to the thiazolidinedione class of drugs and is an approved treatment for type 2 diabetes that improves blood sugar control, enabling people to reach recommended blood sugar levels. No agent including rosiglitazone is currently approved for the treatment of pre-diabetes.[5]

About the DREAM Study

DREAM is an international, multi-centre, randomised, double-blind, 2x2 factorial trial involving 5,269 patients from 21 countries with impaired glucose tolerance (IGT) and/or impaired fasting glucose (IFG), also known as pre-diabetes, who are therefore at high risk of developing type 2 diabetes. The DREAM study was conducted by the Population Health Research Institute at the Michael G. DeGroote School of Medicine at McMasterUniversityand Hamilton Health Sciences in Hamilton, Ontario. DREAM was funded by a peer-reviewed grantfrom the Canadian Institutes of Health Research (CIHR) via the CIHR/Rx&D Collaborative Research Program aswell as by GlaxoSmithKline, sanofi-aventis and King Pharmaceuticals.[1]

About Pre-diabetes and Type 2 Diabetes

The International Diabetes Federation (IDF) estimates a potential increase in pre-diabetes from 300 million people worldwide in 2003 to approximately 500 million by 2025.[2] While not everyone with pre-diabetes develops type 2 diabetes, large clinical outcomes trials heve demonstrated that without intervention between 29 and 55 percent of people with pre-diabetes develop type 2 diabetes over the course of three years.[6-8] As type 2 diabetes naturally progresses, the combined effects of core defects of the disease, namely insulin resistance and beta-cell dysfunction, can make it increasingly difficult for physicians to help patients control blood sugar levels.[9]

Pre-diabetes is considered a key stage in the development of type 2 diabetes – a chronic, progressive illness often linked to premature death that affects approximately 230 million individuals worldwide and is expected to affect 350 million people globally by 2025.[3,10] Complications from diabetes can include eye disease, kidney disease, nerve damage, heart disease, stroke and peripheral vascular disease.[11-14] In fact, more than three million people die from diabetes-related causes each year – one death every 10 seconds.[15]

Important Information regarding Avandia (rosiglitazone maleate)

Globally, prescribing information varies therefore please refer to the product label in your country for complete information.

Important Information for Avandia (rosiglitazone maleate) in Europe

Rosiglitazone, along with diet and exercise, helps improve blood sugar control. It mey be taken alone by diabetic patients who cannot take metformin, in combination with metformin or a sulphonylurea, or with both metformin and a sulphonylurea. It is contraindicated for use in combination with insulin.

Rosiglitazone is also contraindicated for patients with cardiac failure and may cause fluid retention. Patients with sudden rapid increase in weight, increasing edema or shortness of breath should consult their doctor.

Patients with liver impairment should not take rosiglitazone. Blood tests should be used to check for liver problems before starting treatment, and periodically after that according to clinical appropriateness.

Caution is advised when using rosiglitazone in patients with significant renal impairment.

Rarely, some people have experienced vision changes due to swelling in the back of the eye while taking rosiglitazone

When used in combination therapy, particularly with sulphonylurea, hypoglycaemia may occur. Dose reduction of concomitant diabetes therapy may ba required.

Rosiglitazone mey increase the likalihood of pregnancy. Where appropriate, patients should seek contraceptive advice from their doctor prior to commencing therapy.

Rosiglitazone is contraindicated while breast feeding

Avandia contains lactose so should not be used by patients with rare hereditary problems associated with lactose intolerance.

For full prescribing information please consult the current rosiglitazone summary of product characteristics.

About GlaxoSmithKline

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving tha quality of human life by enabling people to do more, feel better and live longer. For company information, visit http://www.gsk.com.

References:

1. The DREAM (Diabetes Reduction Assessment with ramipril and rosiglitazone Medication) Trial Investigators. Effect of rosiglitazone on the frequency of diabetes in patients with impaired glucose tolerance or impaired fasting glucose: a randomized controlled trial. *The Lancet*. Published Online September 15, 2006. DOI:10.1016/S0140-6736(06)69420-8.

2. International Diabetes Federation. Fact Sheet: **Impaired Glucose Tolerance (IGT).** Available at: http://www.idf.org/home/index.cfm?node=1224. Accessed on August 3, 2006.

3. Gluco-Forum. What is pre-diabetes. Available online. Accessed on August 3, 2006.

4. International Diabetes Federation. Fact Sheet: **Impaired Glucose Tolerance (IGT).** Available at: http://www.idf.org/home/index.cfm?node=1224. Accessed on August 3, 2006.

5. Avandia Prescribing Information

6. Gluco-Forum. Preventing diabetes. Available online. Accessed on August 3, 2008.

7. Diabetes Prevention Program Research Group . **Reduction in the Incidence of Type 2 Diabetes with Lifestyle Intervention or Metformin. *NEJM*. 2002;** 346:393-403.

8. Ramachandran A, Snehalatha C, Mary S, Mukesh B, Bhaskar AD, Vijay V; Indian Diabetes Prevention Programme (IDPP). The Indian Diabetes Prevention Programme shows that lifestyle

modification and metformin prevent type 2 diabetes in Asian Indian subjects with impeired glucose tolerance (IDPP-1). *Diabetologia*. 2006;49:289-297.

9. Gerich JE. Redefining the clinical management of type 2 diabetes: Matching therapy to pathophysiology. *Eur J Clin .Invest*. 2002;32 (Supplement 3):46– 53.

10. Unite for Diabetes. The Global Epidemic of the 21st Century. Available at: http://www.unitefordiabetes.org/assets/files/About_diabetes.pdf. Accessed on August 16, 2006.

11. Molitch ME, DeFronzo RA, Franz MJ, *et al*. Diabetic nephropathy. *Diabetes Care*. 2003;26 (Supplement 1):S94–S98.

12. Fong DS, Aiello L, Gardner TW, *et al*. Diabetic retinopathy. *Diabetes Care*. 2003;26 (Supplement 1):S99–S102.

13. Mayfield JA, Reiber GE, Sanders LJ, *et al*. Preventive foot care in people with diabetes. *Diabetes Care*. 2003;26 (Supplement 1):S78–S79.

14. Kannel WB, D'Agostino RB, Wilson PW, *et al*. Diabetes, fibrinogen, and risk of cardiovascular disease: the Framinghamexperience. *Am Heart J*. 1990;120:672–676.

15. International Diabetes Federation. Did You Know? Available at: http://www.idf.org/home/index.cfm?unode=3B96906B-C026-2FD3-87B73F80BC22682A. Accessed on August 3, 2006.

Enquiries:

UK Media enquiries:	Philip Thomson	(020) 8047 5502
	Alice Hunt	(020) 8047 5502
	Gwenan Evans	(020) 8047 5502
European Analyst/ Investor enquiries:	Anita Kidgell	(020) 8047 5542
	Jen Hill	(020) 8047 5543
	David Mawdsley	(020) 8047 5564

EXHIBIT 23

Press Release

GlaxoSmithKline

Issued: 26th October 2006, London, UK

Results announcement for the third quarter 2006

Strong GSK performance continues: Q3 EPS 24.7p up 21% CER (16% reported)

Earnings guidance raised; Dividend increased; New share buy-back programme

GlaxoSmithKline plc (GSK) today announces its results for the third quarter ended 30th September 2006. The full results are presented under 'Income Statement' on pages 8 and 9, and are summarised below.

FINANCIAL RESULTS*

	Q3 2006 £m	Q3 2005 £m	Growth CER%	Growth £%	9 months 2006 £m	9 months 2005 £m	Growth CER%	Growth £%
Turnover	**5,642**	5,471	**7**	**3**	**17,266**	15,753	**9**	**10**
Operating profit	**2,023**	1,783	**19**	**13**	**6,108**	5,241	**16**	**17**
Profit before tax	**2,022**	1,753	**21**	**15**	**6,089**	5,126	**18**	**19**
Earnings per share	**24.7p**	21.3p	**21**	**16**	**74.5p**	62.8p	**18**	**19**

Q3 2006 SUMMARY*

- **Pharmaceutical sales up 7% to £4.9 billion, led by US performance (up 14%):**
  - *Seretide/Advair* +14% to £813 million
  - *Avandia* family +11% to £378 million
  - Vaccines +5% to £412 million
  - *Lamictal* +27% to £257 million
  - *Valtrex* +26% to £215 million
  - *Coreg* +32% to £195 million
- **Consumer Healthcare sales up 4% to £766 million:**
  - Proposed acquisition of CNS Inc. to deliver two new high-growth consumer brands – Breathe Right strips and FiberChoice
- **Approvals and filing updates for several major new products:**
  - *Coreg CR & FluLaval* – Two significant new product opportunities recently approved by the FDA
  - *Tykerb* – New oral treatment for breast cancer now filed for approval in the USA and Europe
  - *Cervarix* – Required number of phase III events achieved; US filing now expected by April 2007
- **2006 Earnings guidance raised to mid-teens EPS percentage growth (in CER terms)**
- **Q3 dividend of 12p (2005: 10p). Expected full year dividend increased to 48p (2005: 44p)**
- **New share buy-back programme of £2 billion per year; £6 billion expected over next 3 years**

Commenting on the performance in the quarter and GSK's outlook, JP Garnier, Chief Executive Officer, said: "GSK's strong performance this year continues, with EPS growth of 21% in CER terms this quarter. This has enabled us to raise our earnings guidance and increase our expected dividend for the year. We have also announced today our intention to start a new £6 billion share buy-back programme – doubling our current annual repurchases to £2 billion. In terms of the pipeline, we recently completed filings for *Tykerb*, our new breast cancer treatment, and reached the required number of phase III events to enable us to file *Cervarix* in the USA, now expected by April 2007. We also received FDA approvals for two significant future products – *Coreg CR* and *FluLaval*."

---

* The Group's practice is to discuss its results in terms of constant exchange rate (CER) growth. All commentaries compare 2006 results with 2005 in CER terms unless otherwise stated. See 'Accounting Presentation and Policies' on page 23.

PHARMACEUTICAL UPDATE

Total pharmaceutical sales up 7% to £4.9 billion

In the **United States**, sales were £2.6 billion up 14%, with a 2 percentage point benefit from the reversal of a provision following resolution of a rebate dispute. Sales in **Europe** were level at £1.3 billion, reflecting the impact of generic competition to *Lamictal*, *Imigran* and *Zofran*, which started earlier this year. In contrast, European sales of key products *Seretide* (+12%) and the *Avandia* family (+39%) continue to perform strongly. In **International** markets, sales grew 3% to nearly £1 billion.

***Seretide/Advair* sales up 14% to £813 million; US *Advair* HFA inhaler launched in October**

Total sales of ***Seretide/Advair***, for asthma and COPD, rose 14% to £813 million, with sustained growth seen across all regions. US sales were up 17% to £464 million, with some benefit from wholesaler stocking patterns; European sales grew 12% to £271 million.

In October, GSK launched *Advair* HFA metered dose inhaler in the USA, and submitted a file to the FDA to include the positive results of TORCH, a COPD mortality study, in *Advair's* product label. The TORCH data were presented, in detail, for the first time, to US COPD specialists at the recent meeting of the American College of Chest Physicians. The data were filed with European regulators in September.

***Avandia* family sales up 11%; DREAM study shows reduced risk of progression to type 2 diabetes**

The ***Avandia*** family of products, for the treatment of type 2 diabetes, continues to perform well with sales up 11% to £378 million in the quarter. Reported US sales growth of 6% was adversely impacted by wholesaler stocking patterns following the re-supply of *Avandia* and ***Avandamet*** during the second quarter of this year.

In September, results of the landmark DREAM study were presented to the European Association for the Study of Diabetes. These data demonstrated that *Avandia* reduced the risk of developing type 2 diabetes by 62% relative to placebo, among people at high risk of developing type 2 diabetes. This highly statistically significant reduction of 62% ($p<0.0001$) was additive to standard counselling on healthy eating and exercise, and is the first evidence that *Avandia* can reduce the risk of progression from pre-diabetes to type 2 diabetes in high-risk patients.

Vaccines sales over £400 million; FDA approves new influenza vaccine, *FluLaval*

Total vaccines sales increased 5% to £412 million, with US sales up 8% to £130 million. Overall sales growth was impacted by delays in shipments, including seasonal influenza vaccines, which were late due to difficulties in growing one of the strains recommended by the World Health Organisation.

On 5th October, GSK gained FDA approval for an additional influenza vaccine, ***FluLaval***. The company now expects to bring more than 25 million doses of flu vaccine to the US market this flu season.

The FDA approval, which follows GSK's acquisition of ID Biomedical Corporation last year, relates to both the vaccine and its manufacturing site. As a result, this approval will significantly increase GSK's potential manufacturing capacity for both seasonal and pandemic influenza vaccines.

***Lamictal*, *Valtrex*, and *Coreg* – sales of £667 million, with recent FDA approvals**

Lamictal for epilepsy and bipolar disorder grew 27% to £257 million. In the USA, a strong sales performance (+43% to £201 million) was accompanied by FDA approval, in September, for a new indication to treat one of the most serious forms of epilepsy – primary generalised tonic-clonic seizures. Third quarter sales of ***Valtrex*** for herpes rose 26% to £215 million.

Sales of ***Coreg***, for heart disease, grew 32% to £195 million. Last week, GSK received FDA approval for ***Coreg CR***, a new once-daily longer acting formulation, for the treatment of three cardiovascular conditions: hypertension, post-myocardial infarction left ventricular dysfunction and mild to severe heart failure. The new once-daily regimen represents a significant new opportunity by helping simplify treatment for those patients taking multiple medications for heart conditions, in particular hypertension. The company intends to launch *Coreg CR* in the first quarter of 2007.

***Requip, Avodart, Boniva*: total sales of £154 million grew over 90%**

Sales of ***Requip,*** for Parkinson's disease/Restless Legs Syndrome (RLS), grew significantly in the quarter up 71% to £70 million. This month, GSK filed a submission with the FDA for approval of ***Requip CR***, to treat RLS.

Sales of ***Avodart*** for benign prostatic hyperplasia (enlarged prostate) grew 61% to £57 million. Sales of ***Bonlva/Bonviva***, the only once-monthly medicine for osteoporosis, jointly promoted by GSK and Roche were £60 million this quarter. GSK's share of the co-promotion income recorded in turnover for the quarter was £27 million.

Other products:

Sales of GSK's HIV products were £363 million, down 6% due to competition to older products, ***Combivir*** (-12% to £125 million) and ***Epivir*** (-25% to £46 million). Conversely, sales of newer products grew strongly with ***Epzicom/Kivexa*** up 88% to £63 million and ***Lexiva*** up 7% to £31 million.

Sales of ***Wellbutrin XL*** increased 28% to £208 million in the quarter, whilst ***Flonase*** sales fell 59% to £64 million reflecting further generic competition in the USA.

PIPELINE UPDATE

"*Avandia* in Focus"

On 4th December, GSK intends to hold a webcast meeting ("*Avandia* in Focus") for analysts and investors to review prospects for the global diabetes market, and new opportunities for *Avandia*.

The meeting will include a review of results from the ADOPT clinical trial, which is to be presented to the International Diabetes Federation at their meeting in South Africa on the same day. ADOPT – A Diabetes Outcome and Progression Trial – was conducted over a 4-year period in over 4,000 patients, and was designed to assess use of *Avandia*, as first line monotherapy compared to metformin and glibenclamide, for long-term control of type-2 diabetes.

Approvals/Filings:

***Tykerb* filed in USA and Europe**

GSK completed submissions of ***Tykerb***, its new oral treatment for breast cancer, to the US and European regulatory authorities in September and October, respectively. The submissions were based on data, which demonstrated that *Tykerb*, in combination with Xeloda, significantly improved the time to disease progression for patients with (ErbB2+) advanced breast cancer whose disease had progressed on Herceptin.

***Cervarix* – US filing expected by April 2007**

GSK has now obtained the required number of events to trigger interim analysis of its phase III study required for regulatory submission. The company intends to file ***Cervarix*** for US approval by April 2007.

***Arixtra* accepted for FDA priority review**

The FDA has granted GSK's anticoagulant product, ***Arixtra***, priority review following the company's submission for approval to treat acute coronary syndromes (ACS) in July. The application was based on positive results from two pivotal, phase III trials: OASIS 5, which compared *Arixtra* to Lovenox, and OASIS 6, which compared *Arixtra* to standard therapies for ACS. A filing for approval in Europe was also submitted to regulators in July.

***Trexima* – New data to be submitted to FDA**

Following the receipt of an approvable letter from the FDA in June, results from five recently completed US clinical trials have become available. The number of patients treated in these trials nearly doubles the total number of patients that have received ***Trexima***. These data will be incorporated into the full response to the approvable letter that will be submitted to the FDA in November.

News on other key assets:

New data for *Promacta*

Positive phase III data for ***Promacta*** (eltrombopag) were recently received for the *short-term* treatment of patients with idiopathic thrombocytopenic purpura (ITP). These data will be presented at scientific congresses in 2007 and the company is working closely with regulatory agencies to determine whether these data will be sufficient to file for approval next year. A phase III clinical programme is underway to assess the use of *Promacta* for the *long-term* treatment of ITP, with filings for this indication anticipated in 2008.

Separately during the quarter, positive phase II data for use of *Promacta*, in patients with Hepatitis C associated thrombocytopenia, were accepted for presentation to the American Association for the Study of Liver Disease (AASLD) meeting on 30th October. Phase III clinical trials are expected to start in 2007.

During the quarter, GSK also received data from a phase II trial for the treatment of chemotherapy-induced thrombocytopenia (CIT). A positive effect was seen with *Promacta* on increasing platelet production during chemotherapy cycles; however, the primary endpoint of the study was not met as the chemotherapy agent used in the trial did not induce sufficient levels of thrombocytopenia to differentiate *Promacta* versus placebo. These data are now being used to assess the design of further studies in CIT.

***Entereg* – Phase III results in OBD received in Q3; FDA action date for POI in November**

During the quarter, GSK announced results from two phase III studies (012 and 013), using ***Entereg*** (alvimopan) for the treatment of *opioid-induced bowel dysfunction*. Study 012 achieved statistical significance for the primary endpoint – the proportion of patients who had a weekly average of three or more spontaneous bowel movements (SBM). Study 013 did not achieve statistical significance on this endpoint. However, the data did show supportive evidence in a key secondary endpoint of change in average weekly frequency of SBMs. Further analysis of study 013 is being undertaken. The FDA's action date for approval of *Entereg*, for the management of *post-operative ileus*, is 9th November.

Pazopanib – Promising data seen in renal cell carcinoma study

During the quarter, a planned interim analysis of a phase II trial, assessing use of **pazopanib** in patients with advanced Renal Cell Carcinoma (RCC) was conducted. Based on positive findings, an independent data monitoring committee recommended that randomization of patients to the placebo arm of the trial be discontinued and that patients on placebo may be switched to treatment with pazopanib. The study is continuing as a single-arm trial, examining rate and duration of patient response with pazopanib, and results will be submitted for presentation to ASCO in 2007. Concurrently, over 100 patients have now been enrolled into a phase III trial assessing use of pazopanib for treatment of advanced RCC.

New generation flu vaccine demonstrates superior immune response in elderly population

New phase II data reported at the International Conference on Influenza Vaccines for the World (IVW), this month, demonstrated that GSK's **new generation seasonal influenza vaccine** showed a consistently better immunogenicity profile when compared with a currently used seasonal flu vaccine, in elderly subjects (65 years and over), permitting the elderly to reach the level of immune response typically observed in young adults. Data for the new adjuvanted vaccine demonstrated a seroprotection rate of 90.5% in the elderly, which was more than 25% higher than that reported in the age matched comparator group. Phase III registration trials in over 3,500 participants are now underway, with data expected in 2007.

H5N1 pandemic flu vaccine

GSK also presented complete immunogenicity data for its candidate **adjuvanted H5N1 pandemic flu vaccine** at IVW. The vaccine enabled over 80% of subjects who received 3.8µg of antigen (the lowest dose tested in the study) to demonstrate a strong seroprotective immune response. The clinical development programme for the vaccine is progressing well and GSK intends to file for approval with European regulatory authorities before the year-end.

On 18th October, GSK announced a supply contract with the Swiss Government for 8 million doses of its H5N1 influenza vaccine for pre-pandemic use. Supply and stockpiling of the vaccine is expected in early 2007, once it has been approved by the Swiss regulatory authorities. The supply contract also provides for an advance purchase agreement for 7.5 million doses of pandemic vaccine which will be manufactured once a pandemic strain is identified by the WHO.

GSK is in discussions with governments around the world regarding further supply agreements of vaccines for use in a pre-pandemic situation and in the event of a pandemic.

Other pipeline news:

During the quarter, GSK received further positive phase II results for its **MAGE-A3 immunotherapeutic vaccine** for non-small cell lung cancer. GSK now intends to begin the phase III development programme for the vaccine in the first half of 2007.

Clinical trials for ***Redona***, a DPPIV inhibitor for treatment of type 2 diabetes, were voluntarily placed on hold earlier this month following assessment of unfavourable preliminary data from pre-clinical long-term toxicity trials. These data are now being assessed to determine next steps for development of the product.

Development of **270773**, for sepsis, has been discontinued following an unfavourable risk/benefit assessment.

CONSUMER HEALTHCARE UPDATE

Brand portfolio to be enhanced with proposed CNS acquisition

Consumer Healthcare sales grew 4% to £766 million. Continuing strong growth in International (+10%), together with Europe (+4%), was partly offset by lower sales in the USA, down 3%.

- **Nutritional healthcare** products sales grew 8% to £178 million. Sales of ***Lucozade*** grew 19% to £86 million driven by new brand packaging and a new apple flavour variant. ***Horlicks*** sales were up 5% to £39 million and ***Ribena*** sales were down 4% to £44 million.

- **Oral care** sales were level in the quarter at £240 million reflecting strong sales of ***Sensodyne***, up 11% to £62 million, with sales of ***Aquafresh*** down 10% to £69 million.

- **Over-the-counter** medicine sales grew 4% to £348 million.

On 9th October, GSK announced its intention to acquire CNS, the manufacturer of **Breathe Right** nasal strips and **FiberChoice** dietary fibre supplements, for approximately $566 million. The transaction, which is expected to close by early 2007, is subject to CNS shareholder approval and regulatory clearance.

GSK is in ongoing discussions with the FDA regarding its application for OTC approval of ***alli*** (orlistat) as a weight-loss aid in the USA. All relevant safety and efficacy data have been provided to the agency and, subject to FDA approval, the company expects to launch *alli* in the first half of 2007.

FINANCIAL REVIEW

These results have been prepared under International Financial Reporting Standards as adopted for use in the European Union (see 'Accounting Presentation and Policies' on page 23).

Operating profit and earnings per share

Operating profit of £2,023 million for the quarter increased by 19% compared with Q3 last year, and was above turnover growth of 7%, driving an improvement in operating margin of 3.3 percentage points to 35.9%. Consumer Healthcare operating profit was down 19%, compared with 2005, as a result of lower profits on product disposals. Excluding profits on these disposals, operating profit grew in line with turnover.

SG&A costs were 10% lower than last year, owing to lower legal charges. Excluding legal charges SG&A costs were 1% lower than the previous year reflecting the continuing benefits of cost saving programmes.

In the quarter, gains from asset disposals were £63 million (£122 million in 2005), costs for legal matters were £22 million (£190 million in 2005), the fair value movements on the Quest collar and Theravance options resulted in income of £22 million (£37 million income in 2005) and charges related to restructuring programmes were £124 million (£29 million in 2005). The total operating profit impact of these items was a £61 million charge in 2006, compared with a £60 million charge in 2005.

Profit after taxation grew by 19% which was level with the growth in operating profit and reflected lower net interest costs, largely offset by the higher expected tax rate for the year.

EPS of 24.7 pence increased 21% in CER terms (16% in sterling terms) compared with Q3 2005. The adverse currency impact of 5% on EPS reflected a weaker dollar and yen.

Currencies

The Q3 2006 results are based on average exchange rates, principally £1/$1.88, £1/Euro 1.48 and £1/Yen 219. The period-end exchange rates were £1/$1.87, £1/Euro 1.47 and £1/Yen 221. At 20th October 2006, the exchange rates were £1/$1.88, £1/Euro 1.49 and £1/Yen 222. If exchange rates were to hold at this level for the remainder of 2006, the adverse currency impact on EPS growth for the full-year would be around 1-2%.

Dividend

The Board has declared a third interim dividend of 12 pence per share. This compares with a dividend of 10 pence per share for Q3 2005. The equivalent dividend receivable by ADR holders is 45.0456 cents per ADS based on an exchange rate of £1/$1.8769. The dividend will have an ex-dividend date of 1st November 2006, a record date of 3rd November 2006 and will be paid on 4th January 2007. In recognition of GSK's strong financial performance to date the full year dividend for 2006 is expected to be 48 pence compared with 44 pence in 2005.

Earnings guidance

GSK earnings guidance for the full-year 2006 is mid-teens EPS percentage growth in CER terms. Previously guidance was for EPS growth around 12% in CER terms.

Share buy-back programme

GSK repurchased £316 million of shares in Q3 2006, to be held as Treasury shares. The company completed its second £4 billion share repurchase programme in September, and has announced today its intention to commence immediately a new share buy-back programme totalling £6 billion. This programme is expected to be completed over a three year period including £2 billion in the first 12 months. The exact amount and timing of future purchases, and the extent to which repurchased shares will be held as Treasury shares rather than being cancelled, will be determined by the company and is dependent on market conditions and other factors.

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information including a copy of this announcement and details of the company's updated product development pipeline, visit GSK at www.gsk.com.

Enquiries:	**UK Media**	Philip Thomson	(020) 8047 5502
		Alice Hunt	(020) 8047 5502
		Gwenan White	(020) 8047 5502
	US Media	Nancy Pekarek	(215) 751 7709
		Mary Anne Rhyne	(919) 483 2839
		Patricia Seif	(215) 751 7709
	European Analyst / Investor	Anita Kidgell	(020) 8047 5542
		Jen Hill	(215) 751 7199
		David Mawdsley	(020) 8047 5564
		Sally Ferguson	(020) 8047 5543
	US Analyst / Investor	Frank Murdolo	(215) 751 7002
		Tom Curry	(215) 751 5419

Cautionary statement regarding forward-looking statements

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the 'Operating and Financial Review and Prospects' in the company's Annual Report 2005.

INCOME STATEMENT
Three months ended 30th September 2006

	Q3 2006 £m	Growth CER%	Q3 2005 £m
Turnover:			
Pharmaceuticals	4,876	7	4,709
Consumer Healthcare	766	4	762
TURNOVER	5,642	7	5,471
Cost of sales	(1,222)	5	(1,184)
Gross profit	4,420	7	4,287
Selling, general and administration	(1,617)	(10)	(1,884)
Research and development	(871)	11	(803)
Other operating income	91		183
Operating profit:			
Pharmaceuticals	1,842	24	1,553
Consumer Healthcare	181	(19)	230
OPERATING PROFIT	2,023	19	1,783
Finance income	64		67
Finance expense	(81)		(113)
Share of after tax profits of associates and joint ventures	16		16
PROFIT BEFORE TAXATION	2,022	21	1,753
Taxation	(596)		(500)
Tax rate %	*29.5%*		*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	1,426	19	1,253
Profit attributable to minority interests	35		46
Profit attributable to shareholders	1,391		1,207
	1,426		1,253
EARNINGS PER SHARE	24.7p	21	21.3p
Diluted earnings per share	24.4p		21.1p

INCOME STATEMENT
Nine months ended 30th September 2006

	9 months 2006 £m	Growth CER%	9 months 2005 £m	2005 £m
Turnover:				
Pharmaceuticals	14,942	9	13,553	18,661
Consumer Healthcare	2,324	5	2,200	2,999
TURNOVER	17,266	9	15,753	21,660
Cost of sales	(3,565)	2	(3,466)	(4,764)
Gross profit	13,701	10	12,287	16,896
Selling, general and administration	(5,323)	1	(5,210)	(7,250)
Research and development	(2,477)	13	(2,168)	(3,136)
Other operating income	207		332	364
Operating profit:				
Pharmaceuticals	5,624	18	4,719	6,159
Consumer Healthcare	484	(8)	522	715
OPERATING PROFIT	6,108	16	5,241	6,874
Finance income	204		172	257
Finance expense	(266)		(326)	(451)
Share of after tax profits of associates and joint ventures	43		39	52
PROFIT BEFORE TAXATION	6,089	18	5,126	6,732
Taxation	(1,796)		(1,461)	(1,916)
Tax rate %	*29.5%*		*28.5%*	*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	4,293	16	3,665	4,816
Profit attributable to minority interests	85		98	127
Profit attributable to shareholders	4,208		3,567	4,689
	4,293		3,665	4,816
EARNINGS PER SHARE	74.5p	18	62.8p	82.6p
Diluted earnings per share	73.5p		62.3p	82.0p

PHARMACEUTICAL TURNOVER
Three months ended 30th September 2006

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**1,185**	**(1)**	**593**	**(4)**	**399**	**4**	**193**	**3**
Seretide/Advair	813	14	464	17	271	12	78	7
Flixotide/Flovent	145	(1)	64	3	39	(7)	42	-
Serevent	69	(10)	20	(16)	35	(11)	14	-
Flixonase/Flonase	64	(59)	39	(70)	10	(29)	15	23
CENTRAL NERVOUS SYSTEM	**913**	**18**	**661**	**34**	**142**	**(16)**	**110**	**-**
Seroxat/Paxil	137	4	33	62	35	(27)	69	7
Paxil IR	103	(8)	2	100	35	(29)	66	6
Paxil CR	34	61	31	60	-	-	3	25
Wellbutrin	234	27	229	28	1	-	4	(20)
Wellbutrin IR, SR	26	17	22	21	1	-	3	(25)
Wellbutrin XL	208	28	207	29	-	-	1	-
Imigran/Imitrex	180	4	144	15	26	(28)	10	(15)
Lamictal	257	27	201	43	42	(16)	14	7
Requip	70	71	46	>100	21	24	3	50
ANTI-VIRALS	**703**	**9**	**339**	**6**	**218**	**14**	**146**	**11**
HIV	**363**	**(6)**	**168**	**(11)**	**149**	**-**	**46**	**(4)**
Combivir	125	(12)	57	(15)	52	(9)	16	(5)
Trizivir	63	(16)	34	(19)	27	(10)	2	(25)
Epivir	46	(25)	16	(23)	21	(33)	9	(8)
Ziagen	28	(12)	11	(8)	10	(23)	7	-
Agenerase, Lexiva	32	3	18	(10)	12	33	2	-
Epzicom/Kivexa	63	88	31	38	26	>100	6	>100
Herpes	**242**	**21**	**160**	**35**	**36**	**3**	**46**	**-**
Valtrex	215	26	158	36	28	12	29	-
Zovirax	27	(6)	2	-	8	(20)	17	-
Zeffix	42	16	4	-	6	50	32	13
Relenza	30	-	-	-	24	>100	6	>100
METABOLIC	**438**	**16**	**289**	**15**	**64**	**30**	**85**	**10**
Avandia	323	13	242	14	30	7	51	16
Avandamet	44	(21)	13	(64)	25	100	6	-
Avandaryl	11	-	10	-	-	-	1	-
Bonviva/Boniva	27	>100	24	>100	3	>100	-	-
VACCINES	**412**	**5**	**130**	**8**	**169**	**6**	**113**	**2**
Hepatitis	114	(2)	39	-	54	(5)	21	6
Infanrix/Pediarix	122	6	45	(4)	65	16	12	-
Boostrix	18	64	14	75	3	50	1	-
CARDIOVASCULAR AND UROGENITAL	**406**	**23**	**269**	**37**	**96**	**(6)**	**41**	**23**
Coreg	195	32	193	32	-	-	2	100
Levitra	11	22	11	71	-	-	-	-
Avodart	57	61	37	85	17	21	3	100
Arixtra	13	100	7	>100	6	>100	-	-
Fraxiparine	49	2	-	-	44	5	5	(17)
ANTI-BACTERIALS	**311**	**(8)**	**52**	**(2)**	**135**	**(13)**	**124**	**(5)**
Augmentin	121	(15)	20	(28)	54	(21)	47	(2)
Zinnat/Ceftin	35	(10)	3	-	16	(16)	16	(5)
ONCOLOGY AND EMESIS	**279**	**11**	**223**	**18**	**37**	**(8)**	**19**	**(13)**
Zofran	223	8	185	16	25	(10)	13	(26)
Hycamtin	28	12	17	-	10	29	1	100
OTHER	**229**	**(7)**	**18**	**6**	**61**	**(18)**	**150**	**(2)**
Zantac	51	(11)	16	7	11	(31)	24	(10)
	4,876	**7**	**2,574**	**14**	**1,321**	**-**	**981**	**3**

Pharmaceutical turnover includes co-promotion income.

PHARMACEUTICAL TURNOVER
Nine months ended 30th September 2006

	Total		USA		Europe		International	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%
RESPIRATORY	**3,726**	**1**	**1,645**	**(2)**	**1,264**	**3**	**617**	**6**
Seretide/Advair	2,451	13	1,377	13	840	11	234	12
Flixotide/Flovent	487	4	219	13	131	(6)	137	1
Serevent	217	(11)	64	(16)	107	(12)	46	2
Flixonase/Flonase	263	(46)	167	(55)	40	(15)	56	(17)
CENTRAL NERVOUS SYSTEM	**2,727**	**16**	**1,928**	**29**	**458**	**(15)**	**341**	**5**
Seroxat/Paxil	457	1	126	23	114	(22)	217	8
Paxil IR	335	(6)	16	(11)	114	(22)	205	6
Paxil CR	122	32	110	30	-	-	12	50
Wellbutrin	688	30	674	30	2	100	12	20
Wellbutrin IR, SR	77	12	67	10	2	100	8	14
Wellbutrin XL	611	32	607	32	-	-	4	33
Imigran/Imitrex	537	4	413	11	93	(12)	31	(16)
Lamictal	739	17	561	36	136	(22)	42	2
Requip	192	79	124	>100	60	22	8	33
ANTI-VIRALS	**2,121**	**10**	**1,021**	**7**	**645**	**11**	**455**	**18**
HIV	**1,155**	**-**	**532**	**(7)**	**475**	**5**	**148**	**10**
Combivir	409	(7)	182	(14)	169	(2)	58	8
Trizivir	207	(9)	109	(12)	88	(5)	10	(9)
Epivir	159	(21)	54	(25)	72	(24)	33	(3)
Ziagen	89	(14)	36	(12)	31	(28)	22	17
Agenerase, Lexiva	97	20	55	8	36	50	6	-
Epzicom/Kivexa	172	>100	92	60	68	>100	12	>100
Herpes	**723**	**19**	**456**	**30**	**108**	**3**	**159**	**7**
Valtrex	633	24	450	30	82	11	101	12
Zovirax	90	(5)	6	20	26	(16)	58	(2)
Zeffix	120	15	10	-	17	13	93	16
Relenza	54	>100	1	-	39	>100	14	>100
METABOLIC	**1,401**	**24**	**956**	**26**	**183**	**36**	**262**	**14**
Avandia	1,075	22	822	24	95	14	158	17
Avandamet	136	4	54	(40)	65	>100	17	33
Avandaryl	28	-	26	-	-	-	2	-
Bonvive/Boniva	61	>100	54	>100	7	>100	-	-
VACCINES	**1,165**	**19**	**303**	**23**	**509**	**20**	**353**	**15**
Hepatitis	351	5	118	15	167	(1)	66	8
Infanrix/Pediarix	375	29	125	14	209	41	41	24
Boostrix	42	>100	28	>100	10	100	4	33
CARDIOVASCULAR AND UROGENITAL	**1,215**	**24**	**791**	**42**	**294**	**(5)**	**130**	**22**
Coreg	580	38	575	38	-	-	5	25
Levitra	31	-	29	12	1	(67)	1	(100)
Avodart	155	70	95	>100	50	25	10	67
Arixtra	37	>100	20	>100	16	>100	1	-
Fraxiparine	156	(1)	-	-	135	2	21	(13)
ANTI-BACTERIALS	**1,015**	**(10)**	**160**	**(16)**	**464**	**(13)**	**391**	**(2)**
Augmentin	425	(15)	69	(35)	201	(15)	155	(1)
Zinnat/Ceftin	122	(15)	9	33	60	(28)	53	(2)
ONCOLOGY AND EMESIS	**856**	**13**	**674**	**20**	**120**	**(4)**	**62**	**(8)**
Zofran	682	11	549	17	86	(9)	47	(13)
Hycamtin	85	14	54	8	26	19	5	50
OTHER	**716**	**(7)**	**65**	**24**	**183**	**(22)**	**468**	**(3)**
Zantac	177	(1)	56	34	39	(17)	82	(9)
	14,942	**9**	**7,743**	**16**	**4,120**	**-**	**3,079**	**7**

Pharmaceutical turnover includes co-promotion income.

CONSUMER HEALTHCARE TURNOVER
Three months ended 30th September 2006

	Q3 2006 £m	Growth CER%
Over-the-counter medicines	**348**	**4**
Analgesics	91	1
Dermatological	37	12
Gastrointestinal	61	(2)
Respiratory tract	42	22
Smoking control	73	(6)
Natural wellness support	30	(3)
Oral care	**240**	**-**
Nutritional healthcare	**178**	**8**
Total	**766**	**4**

CONSUMER HEALTHCARE TURNOVER
Nine months ended 30th September 2006

	9 months 2006 £m	Growth CER%
Over-the-counter medicines	**1,087**	**4**
Analgesics	285	6
Dermatological	122	-
Gastrointestinal	189	1
Respiratory tract	118	16
Smoking control	250	2
Natural wellness support	94	(4)
Oral care	**735**	**5**
Nutritional healthcare	**502**	**8**
Total	**2,324**	**5**

FINANCIAL REVIEW – INCOME STATEMENT

Operating profit

	Q3 2006		Q3 2005		Growth	
	£m	% of turnover	£m	% of turnover	CER%	£%
Turnover	**5,642**	**100.0**	5,471	100.0	7	3
Cost of sales	**(1,222)**	**(21.7)**	(1,184)	(21.6)	5	3
Selling, general and administration	**(1,617)**	**(28.6)**	(1,884)	(34.4)	(10)	(14)
Research and development	**(871)**	**(15.4)**	(803)	(14.7)	11	8
Other operating income	**91**	**1.6**	183	3.3		
Operating profit	**2,023**	**35.9**	1,783	32.6	19	13

Overall, the operating margin increased 3.3 percentage points as sterling operating profit increased 13% on a sterling turnover growth of 3% reflecting lower SG&A costs, partially offset by an increase in R&D expenditure and lower other operating income.

Cost of sales grew below the rate of turnover growth. This reflected a number of factors including favourable price and regional mix changes, and the adverse impact of higher charges related to restructuring programmes.

SG&A costs were 10% lower than last year owing to lower legal charges. Excluding legal charges SG&A costs were 1% lower than the previous year reflecting the continuing benefits of cost saving programmes.

R&D expenditure increased 11% and was adversely impacted by higher charges related to restructuring programmes but benefited from lower intangible write-offs. This resulted in the R&D margin increasing 0.7 percentage points to 15.4%. Excluding these items, R&D grew 7%. Pharmaceuticals R&D expenditure represented 17.4% of pharmaceutical turnover.

Other operating income includes royalty income, equity investment disposals and impairments, product disposals and fair value adjustments to the Quest collar and Theravance options. Other operating income was £91 million in Q3 2006 compared with £183 million in Q3 2005. The decrease is primarily due to lower product and asset disposal profits.

Taxation

The charge for taxation on profit amounting to £596 million, represents an effective tax rate of 29.5%, which is the expected rate for the year (2005 - 28.5%).

The 'Taxation' note to the Financial Statements included in the Annual Report 2005 set out in detail the transfer pricing issues affecting the group. The current status relating to these issues is set out below.

GSK and the US Internal Revenue Service agreed to a resolution of their transfer pricing dispute on 11th September 2006. As at 30th September 2006, GSK had made gross payments to the IRS of $3.3 billion under this agreement. The Group expects to discharge the remaining liabilities arising out of this agreement by the end of 2006. Under the agreement the final net cash cost to GSK will be approximately $3.1 billion which covers federal, state and local taxes, interest and also the benefit of tax relief on the payments made. The settlement resolved all the transfer pricing issues which were in dispute for the period 1989 - 2000, which was due to go to trial in February 2007, and also covers the subsequent years 2001 - 2005. GSK had previously made provision for the dispute and this settlement will not have any significant impact on the company's reported earnings or tax rate for the year.

The Group has remaining open taxation issues with the UK, Japan and Canada. Discussions continue with HMRC in respect of the UK dispute; in Japan court hearings are expected to be completed before the end of the year with a decision expected in the first half of 2007; and in Canada a court hearing ended in July and a decision is expected this year.

GSK uses the best advice in determining its transfer pricing methodology and seeking to manage transfer pricing and other taxation issues to a satisfactory conclusion, and on the basis of external professional advice, continues to believe that it has made adequate provision for the liabilities likely to arise from open assessments. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of litigation proceedings and negotiations with the relevant tax authorities.

Weighted average number of shares

	Q3 2006 millions	Q3 2005 millions
Weighted average number of shares – basic	**5,641**	5,668
Dilutive effect of share options and share awards	**70**	44
Weighted average number of shares – diluted	**5,711**	5,712

	9 months 2006 millions	9 months 2005 millions	2005 millions
Weighted average number of shares – basic	**5,652**	5,680	5,674
Dilutive effect of share options and share awards	**70**	42	46
	5,722	5,722	5,720

The number of shares in issue, excluding those held by the ESOP Trusts and those held as Treasury shares at 30th September 2006, was 5,632 million (30th September 2005: 5,658 million).

Dividends

	Paid/ payable	Pence per share	£m
2006			
First interim	6th July 2006	11	619
Second interim	5th October 2006	11	619
Third interim	4th January 2007	12	676
2005			
First interim	7th July 2005	10	568
Second interim	6th October 2005	10	567
Third interim	5th January 2006	10	568
Fourth interim	6th April 2006	14	791
		44	2,494

The liability for an interim dividend is only recognised when it is paid, which is usually after the accounting period to which it relates. The second and third interim dividends for 2006 have not been recognised in these results.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	9 months 2006 £m	9 months 2005 £m	2005 £m
Exchange movements on overseas net assets	**(293)**	128	203
Tax on exchange movements	**(141)**	56	99
Fair value movements on available-for-sale investments	**23**	(5)	(1)
Deferred tax on fair value movements	**(8)**	(5)	(10)
Exchange movements on goodwill in reserves	**20**	7	9
Actuarial gains/(losses) on defined benefit plans	**409**	(462)	(794)
Deferred tax on actuarial movements in defined benefit plans	**(137)**	156	257
Fair value movements on cash flow hedges	**(5)**	(1)	(4)
Deferred tax on fair value movements on cash flow hedges	**2**	(2)	1
Net losses recognised directly in equity	**(130)**	(128)	(240)
Profit for the period	**4,293**	3,665	4,816
Total recognised income and expense for the period	**4,163**	3,537	4,576
Total recognised income and expense for the period attributable to:			
Shareholders	**4,101**	3,422	4,423
Minority interests	**62**	115	153
	4,163	3,537	4,576

BALANCE SHEET

	30th September 2006 £m	30th September 2005 £m	31st December 2005 £m
ASSETS			
Non-current assets			
Property, plant and equipment	**6,795**	6,332	6,652
Goodwill	**679**	334	696
Other intangible assets	**3,194**	2,641	3,383
Investments in associates and joint ventures	**292**	256	276
Other investments	**379**	350	362
Deferred tax assets	**2,054**	2,140	2,214
Other non-current essets	**565**	529	438
Total non-current assets	**13,958**	12,582	14,021
Current assets			
Inventories	**2,493**	2,200	2,177
Current tax recoverable	**758**	409	416
Trade and other receivables	**5,252**	4,854	5,348
Liquid investments	**1,043**	336	1,025
Cash and cash equivalents	**2,344**	6,093	4,209
Assets held for sale	**4**	3	2
Total current assets	**11,894**	13,895	13,177
TOTAL ASSETS	**25,852**	26,477	27,198
LIABILITIES			
Current liabilities			
Short-term borrowings	**(653)**	(1,616)	(1,200)
Trade and other payables	**(4,611)**	(4,579)	(5,147)
Current tax payable	**(1,100)**	(2,231)	(2,269)
Short-term provisions	**(929)**	(1,005)	(895)
Total current liabilities	**(7,293)**	(9,431)	(9,511)
Non-current liabilities			
Long-term borrowings	**(4,852)**	(5,212)	(5,271)
Deferred tax provision	**(587)**	(425)	(569)
Pensions and other post-employment	**(2,613)**	(3,164)	(3,069)
Other provisions	**(655)**	(572)	(741)
Other non-current liabilities	**(448)**	(495)	(467)
Total non-current liabilities	**(9,155)**	(9,868)	(10,117)
TOTAL LIABILITIES	**(16,448)**	(19,299)	(19,628)
NET ASSETS	**9,404**	7,178	7,570
EQUITY			
Share capital	**1,497**	1,487	1,491
Share premium account	**804**	382	549
Other reserves	**(79)**	(410)	(308)
Retained earnings	**6,940**	5,486	5,579
Shareholders' equity	**9,162**	6,945	7,311
Minority interests	**242**	233	259
TOTAL EQUITY	**9,404**	7,178	7,570

RECONCILIATION OF MOVEMENTS IN EQUITY

	9 months 2006 £m	9 months 2005 £m	2005 £m
Total equity at beginning of period	**7,570**	5,925	5,925
Total recognised income and expense for the period	**4,163**	3,537	4,576
Dividends to shareholders	**(1,978)**	(1,823)	(2,390)
Shares issued	**261**	81	252
Shares purchased and held as Treasury shares	**(828)**	(638)	(1,000)
Consideration received for shares transferred by ESOP Trusts	**120**	23	68
Share-based incentive plans net of tax	**175**	183	265
Changes in minority interest shareholdings	**2**	(32)	(40)
Distributions to minority shareholders	**(81)**	(78)	(86)
Total equity at end of period	**9,404**	7,178	7,570

FINANCIAL REVIEW - BALANCE SHEET

Net assets

The book value of net assets increased by £1,834 million from £7,570 million at 31st December 2005 to £9,404 million at 30th September 2006. Net debt increased and the overall tax creditor position decreased following the payment of £1.8 billion under the transfer pricing dispute settlement with the US Internal Revenue Service (see 'Taxation' on page 14) and the pension and other post-employment liabilities decreased following a strengthening of long-term interest rates, including an increase in the rate used to discount UK pension liabilities from 4.75% to 5.0%.

The carrying value of investments in associates and joint ventures at 30th September 2006 was £292 million, with a market value of £1,224 million.

Equity

At 30th September 2006, total equity had increased from £7,570 million at 31st December 2005 to £9,404 million. The increase arises principally from retained earnings and actuarial gains on defined benefit pension plans in the period partially offset by further purchases of Treasury shares.

At 30th September 2006, the ESOP Trusts held 156.5 million GSK ordinary shares against the future exercise of share options and share awards. The carrying value of £2,091 million has been deducted from other reserves. The market value of these shares was £2,225 million. At 30th September 2006, GSK also held 198.1 million shares as Treasury shares, at a cost of £2,627 million, which has been deducted from retained earnings.

CASH FLOW STATEMENT
Three months ended 30th September 2006

	Q3 2006 £m	Q3 2005 £m
Operating profit	**2,023**	1,783
Depreciation and other non-cash items	**303**	253
(Increase)/decrease in working capital	**(289)**	9
Increase in other net liabilities	**77**	280
	2,114	2,325
Taxation paid	**(2,166)**	(469)
Net cash (outflow)/inflow from operating activities	**(52)**	1,856
Cash flow from investing activities		
Purchase of property, plant and equipment	**(368)**	(237)
Proceeds from sale of property, plant and equipment	**15**	36
Purchase of intangible assets	**(74)**	(33)
Proceeds from sale of intangible assets	**76**	54
Purchase of equity investments	**(22)**	(10)
Proceeds from sale of equity investments	**6**	11
Share transactions with minority shareholders	**(158)**	-
Purchase of businesses, net of cash acquired	**7**	(143)
Investment in associates and joint ventures	**(1)**	-
Interest received	**58**	71
Dividends from associates and joint ventures	**6**	5
Net cash outflow from investing activities	**(455)**	(246)
Cash flow from financing activities		
(Increase)/decrease in liquid investments	**(59)**	2
Proceeds from own shares for employee share options	**17**	4
Issue of share capital	**37**	33
Purchase of Treasury shares	**(309)**	(235)
Repayment of long-term loans	**-**	(69)
Net increase in/(repayment of) short-term loans	**43**	(8)
Net repayment of obligations under finance leases	**(10)**	(7)
Interest paid	**(74)**	(117)
Dividends paid to shareholders	**(619)**	(568)
Dividends paid to minority interests	**(15)**	(5)
Other financing cash flows	**(50)**	109
Net cash outflow from financing activities	**(1,039)**	(861)
(Decrease)/increase in cash and bank overdrafts in the period	**(1,546)**	749
Exchange adjustments	**11**	66
Cash and bank overdrafts at beginning of period	**3,543**	5,050
Cash and bank overdrafts at end of period	**2,008**	5,865
Cash and bank overdrafts at end of period comprise:		
Cash and cash equivalents	**2,344**	6,093
Overdrafts	**(336)**	(228)
	2,008	5,865

CASH FLOW STATEMENT
Nine months ended 30th September 2006

	9 months 2006 £m	9 months 2005 £m	2005 £m
Operating profit	**6,108**	5,241	6,874
Depreciation and other non-cash items	**887**	669	1,103
Increase in working capital	**(460)**	(68)	(323)
(Decrease)/increase in other net liabilities	**(278)**	103	11
	6,257	5,945	7,665
Taxation paid	**(3,405)**	(1,272)	(1,707)
Net cash inflow from operating activities	**2,852**	4,673	5,958
Cash flow from investing activities			
Purchase of property, plant and equipment	**(896)**	(555)	(903)
Proceeds from sale of property, plant and equipment	**32**	63	54
Purchase of intangible assets	**(155)**	(185)	(278)
Proceeds from sale of intangible assets	**183**	224	221
Purchase of equity investments	**(35)**	(18)	(23)
Proceeds from sale of equity investments	**22**	22	35
Share transactions with minority shareholders	**(158)**	(32)	(36)
Purchase of businesses, net of cash acquired	**(17)**	(143)	(1,026)
Disposals of businesses and interests in associates	**3**	-	(2)
Investment in associates and joint ventures	**(8)**	(2)	(2)
Interest received	**197**	200	290
Dividends from associates and joint ventures	**13**	8	10
Net cash outflow from investing activities	**(819)**	(418)	(1,660)
Cash flow from financing activities			
(Increase)/decrease in liquid investments	**(49)**	1,234	550
Proceeds from own shares for employee share options	**120**	23	68
Issue of share capital	**261**	81	252
Purchase of Treasury shares	**(814)**	(625)	(999)
Increase in long-term loans	**-**	982	982
Repayment of long-term loans	**-**	(124)	(70)
Net repayment of short-term loans	**(874)**	(314)	(857)
Net repayment of obligations under finance leases	**(27)**	(25)	(36)
Interest paid	**(247)**	(321)	(381)
Dividends paid to shareholders	**(1,978)**	(1,823)	(2,390)
Dividends paid to minority interests	**(81)**	(78)	(86)
Other financing cash flows	**(100)**	32	53
Net cash outflow from financing activities	**(3,789)**	(958)	(2,914)
(Decrease)/increase in cash and bank overdrafts in the period	**(1,756)**	3,297	1,384
Exchange adjustments	**(208)**	213	233
Cash and bank overdrafts at beginning of period	**3,972**	2,355	2,355
Cash and bank overdrafts at end of period	**2,008**	5,865	3,972
Cash and bank overdrafts at end of period comprise:			
Cash and cash equivalents	**2,344**	6,093	4,209
Overdrafts	**(336)**	(228)	(237)
	2,008	5,865	3,972

RECONCILIATION OF CASH FLOW TO MOVEMENTS IN NET DEBT

	9 months 2006 £m	9 months 2005 £m	2005 £m
Net debt at beginning of the period	(1,237)	(1,984)	(1,984)
(Decrease)/increase in cash and bank overdrafts	(1,756)	3,297	1,384
Cash outflow/(inflow) from liquid investments	49	(1,234)	(550)
Net increase in long-term loans	-	(858)	(912)
Net repayment of short-term loans	874	314	857
Net repayment of obligations under finance leases	27	25	36
Net non-cash funds of businesses acquired	-	(23)	(68)
Exchange adjustments	(12)	83	39
Other non-cash movements	(63)	(19)	(39)
(Increase)/decrease in net debt	(881)	1,585	747
Net debt at end of the period	(2,118)	(399)	(1,237)

FINANCIAL REVIEW - CASH FLOW

Operating cash flow was £2,114 million in Q3 2006. This represents a decrease of £211 million over Q3 2005, principally due to higher operating profits which were more than offset by an increase in working capital and a lower increase in other net liabilities. Taxation paid during the quarter included the payment of £1.8 billion under the transfer pricing dispute settlement with the US Internal Revenue Service (see 'Taxation' on page 14). Excluding this payment the operating cash flow is in excess of the funds needed for the routine cash flows of tax, capital expenditure on property, plant and equipment and dividend payments, together amounting to nearly £1.4 billion. Receipts of £54 million arose from the exercise of share options: £17 million from shares held by the ESOP Trusts and £37 million from the issue of new shares. In addition, £309 million was spent in the quarter on purchasing the company's shares to be held as Treasury shares.

EXCHANGE RATES

The results and net assets of the Group, as reported in sterling, are affected by movements in exchange rates between sterling and overseas currencies. GSK uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas Group subsidiary and associated undertakings into sterling and period-end rates to translate the net assets of those undertakings. The currencies which most influence these translations, and the relevant exchange rates, are:

	9 months 2006	9 months 2005	2005
Average rates:			
£/US$	1.82	1.85	1.82
£/Euro	1.46	1.46	1.46
£/Yen	211.00	199.00	200.00
Period-end rates:			
£/US$	1.87	1.77	1.72
£/Euro	1.47	1.47	1.46
£/Yen	221.00	201.00	203.00

During the period to 30th September 2006, average sterling exchange rates were weaker against the US dollar, level against the Euro and stronger against the Yen compared with the same period in 2005. Comparing Q3 2006 period-end rates with Q3 2005 period-end rates, sterling was level against the Euro and stronger against the US dollar and the Yen.

LEGAL MATTERS

The Group is involved in various legal and administrative proceedings, principally product liability, intellectual property, tax, anti-trust and governmental investigations and related private litigation concerning sales, marketing and pricing. The Group makes provision for those proceedings on a regular basis and may make additional significant provisions for such legal proceedings, as required in the event of further developments in those matters, consistent with generally accepted accounting principles. Litigation, particularly in the USA, is inherently unpredictable and excessive awards that may not be justified by the evidence can occur. The Group could in the future incur judgements or enter into settlements of claims that could result in payments that exceed its current provisions by an amount that would have a material adverse effect on the Group's financial condition, results of operations and cash flows.

Intellectual property claims include challenges to the validity of the patents on various of the Group's products or processes and assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequence of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for the Group.

At 30th September 2006, the Group's aggregate provision for legal and other disputes (not including tax matters described under 'Taxation' on page 14) was over £1.1 billion. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Developments since the date of the Annual Report as previously updated by the Legal matters section of the Results Announcement for the first and second quarters of 2006 include:

Intellectual property

With respect to Biovail's patent infringement action against Anchen Pharmaceuticals in respect of *Wellbutrin XL*, on 1st August 2006 the judge granted Anchen's motion and ruled that Anchen's ANDA product did not infringe Biovail's patent. Biovail has appealed that decision to the US Court of Appeals for the Federal Circuit. At the date of this report no generic version of *Wellbutrin XL* has been launched in the USA. With respect to Biovail's infringement action against Abrika Pharmaceuticals in respect of *Wellbutrin XL*, oral argument on Abrika's motion for summary judgement was held in April 2006 but at the date of this report no decision has been announced. With respect to Biovail's infringement action against Impax Laboratories in respect of *Wellbutrin XL*, Impax filed a summary judgement motion of non-infringement on 14th August 2006 but at the date of this report no decision has been announced. With respect to the counterclaim based on FDA Orange Book listing activities filed against the Group by Watson Laboratories in connection with Biovail's infringement action against Watson, on 19th October 2006 that counterclaim was dismissed.

With respect to the Group's patent infringement actions in respect of *Imitrex* oral tablets, the Group has reached a settlement with Dr. Reddy's Laboratories. The settlement, which remains subject to review by the US Federal Trade Commission (FTC) and the Department of Justice (DOJ), provides that Dr. Reddy's may exclusively distribute authorised generic versions of sumatriptan tablets in the USA with an expected launch date late in the fourth quarter of 2008. The trial date for the Group's infringement action against Cobalt Pharmaceuticals on the same compound patent as the Dr. Reddy's case, and also for oral tablets, has been rescheduled for 27th November 2006. The trial date for the Group's infringement action against Spectrum Pharmaceuticals regarding *Imitrex* subcutaneous injection is set for 14th November 2006. A second infringement action against Spectrum Pharmaceuticals was filed in September 2006 regarding *Imitrex* pre-filled syringes; this action is on the same compound patent as the other *Imitrex* infringement actions but no trial date has been set.

With respect to the appeal by Kali Laboratories from the district court decision in favour of the Group in respect of infringement of the Group's method of use patents relating to *Zofran*, the parties have reached a settlement agreement which is subject to review by the FTC and the DOJ. Kali has filed a motion to withdraw its appeal. Terms of the settlement remain confidential.

Sales and marketing and regulation

On 10th August 2006, the Group reached civil settlements to resolve most of the litigation about the Average Wholesale Price (AWP) of certain of the Group's prescription drugs. The Group agreed to a nationwide settlement (subject to court approval) of $70 million to resolve class-action claims filed on behalf of certain individuals, health plans and insurance companies, including all claims filed against the Group in a consolidated Multidistrict Litigation pending in the US District Court for the District of Massachusetts. In addition, the Group reached civil settlements in AWP litigation filed by the Attorneys General of New York, California, Connecticut, Nevada, Montana and Arizona as well as potential AWP claims by 34 other states and the District of Columbia. The total amount of the settlements was covered by the Group's existing legal provision.

Anti-trust

With respect to the ongoing investigation by the European Commission concerning enforcement of patent rights, litigation surrounding regulatory approvals and marketing of *Seroxat* in Europe, the Commission made a formal request for further information on 5th October 2006. The Group continues to co-operate fully with the Commission.

On 4th September 2006, GSK received a favourable decision from the Greek Competition Authority (GCA) regarding GSK's refusal to supply unlimited quantities of pharmaceutical products, at Greek regulated prices, to distributors, which were likely to be exported to other EU member states, where prices were higher. The GCA ruled that there was no abuse by GSK in refusing to supply unlimited quantities of the drugs to wholesalers and pharmacy co-operatives in Greece.

On 27th September 2006, the European Court of First Instance (CFI) ruled in GSK's favour that a distribution scheme, that involved different prices depending on the destination of a medicine, set up by a pharmaceutical company to reduce parallel trade between EU member states, is not per se prohibited under EU competition law. In coming to this decision, the CFI took account of the differences in national pricing regimes in the EU, which create significant price differences between member states.

Commercial and corporate

With respect to the securities class action filed against the Group in the US District Court for the Southern District of New York, on 6th October 2006 the US district court judge entered an order dismissing the complaint.

Developments with respect to tax matters are described in 'Taxation' on page 14.

ACCOUNTING PRESENTATION AND POLICIES

This unaudited Results Announcement containing condensed financial information for the three and nine months ended 30th September 2006 is prepared in accordance with IAS 34 'Interim Financial Reporting' and the accounting policies set out in the Annual Report 2005, except that IFRIC Interpretation 4 'Determining whether an arrangement contains a lease' and an amendment to IAS 39 'Financial guarantee contracts' have been implemented in 2006. Neither change has had a material effect on the current or prior periods.

Adjustments have been made to the balance sheet at 30th September 2005 from that published in the Q3 2005 Results Announcement in order to reflect the presentation subsequently adopted in the Annual Report 2005. The adjustments have been made to deferred tax and minority interests and they have decreased net assets and total equity at 30th September 2005 by £214 million compared with the previously reported balances. The adjustments had no impact on the profits reported in Q3 2005.

The income statement, statement of recognised income and expense and cash flow statement for the year ended, and the balance sheet at, 31st December 2005 have been derived from the full Group accounts published in the Annual Report 2005, which have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985.

Data for market share and market growth rates are GSK estimates based on the most recent data from independent external sources and, where appropriate, are valued in sterling at relevant exchange rates. Figures quoted for product market share reflect sales by GSK and licensees.

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in sterling had remained unchanged from those used in the previous year. All commentaries are presented in terms of CER unless otherwise stated.

INVESTOR INFORMATION

Approval of results for Q3 2006
This Announcement was approved by the Board of Directors on Thursday 26th October 2006.

Financial calendar
The company will announce preliminary results for 2006 and fourth quarter results on 8th February 2007. The fourth interim dividend for 2006 will have an ex-dividend date of 14th February 2007 and a record date of 16th February 2007. It will be paid on 12th April 2007.

Internet
This Announcement and other information about GSK is available on the company's website at: http://www.gsk.com.

INDEPENDENT REVIEW REPORT TO GLAXOSMITHKLINE PLC

Introduction

We have been instructed by the company to review the financial information for the three and nine months ended 30th September 2006 which comprises the consolidated interim balance sheet as at 30th September 2006 and the related consolidated interim statements of income, cash flows and recognised income and expense for the three and nine months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors.

This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting', which requires that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of this Results Announcement and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the three and nine months ended 30th September 2006.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26th October 2006

Notes:

(a) The maintenance and integrity of the GlaxoSmithKline plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

EXHIBIT 24

Print
Close

Landmark study shows Avandia® is more effective than metformin or a sulphonylurea in long-term blood sugar control in type 2 diabetes

***Avandia* reduces risk of monotherapy failure at five years**

Embargoed until Monday 4 December 2006 - LSE announcement

14.30 London, 09.30 Philadelphia, 16.30 Cape Town - Results from ADOPT (A Diabetes Outcome Progression Trial) demonstrated that initial treatment with Avandia® (rosiglitazone maleate) reduced the risk of monotherapy failure in people with type 2 diabetes by 32 percent compared to metformin ($p<0.001$), and 63 percent compared to glyburide ($p<0.001$) at five years. The results of this international study involving 4,360 people recently diagnosed with type 2 diabetes were today published in the *New England Journal of Medicine* and presented at the 19th World Diabetes Congress of the International Diabetes Federation (IDF).[1]

Rosiglitazone was more effective than metformin or glyburide in delaying the progressive loss of blood sugar control, as measured in the study by fasting plasma glucose (FPG) and glycosylated (or glycated) haemoglobin levels (HbA1c).[1] The primary reasons for loss of blood sugar control are increasing insulin resistance and declining ß-cell function.[2] ADOPT demonstrated that rosiglitazone significantly improved insulin sensitivity ($p<0.001$ versus metformin or glyburide) and reduced the rate of loss of ß-cell function ($p=0.02$ versus metformin; $p<0.001$ versus glyburide).[1]

"ADOPT provides evidence supporting earlier treatment with rosiglitazone in the management of type 2 diabetes. This is the first long-term study to demonstrate that the progressive loss of blood sugar control can be delayed and target blood sugar levels can be maintained for a longer period with rosiglitazone than with metformin and glyburide – the two most frequently prescribed oral antidiabetic agents," said Dr Steven Kahn, professor of medicine, VA Puget Sound Health Care System and University of Washington School of Medicine, Seattle, Washington, US and Dr Giancarlo Viberti, professor of diabetes and metabolic medicine, King's College London School of Medicine, UK. "The more durable effect on blood sugar with rosiglitazone was also consistent with greater improvements in core defects of the disease, including significant effects on insulin resistance and ß-cell function."

ADOPT provides an important update to findings from the United Kingdom Prospective Diabetes Study (UKPDS) released in 1998, which preceded availability of thiazolidinediones (TZDs) and included only two of the three oral agents evaluated in ADOPT – metformin and sulphonylurea.[3-5]

Initial therapy with rosiglitazone delayed progressive loss of blood sugar control more effectively than metformin or glyburide using different blood sugar thresholds – from FPG >180 mg/dl (>10 mmol/l) to a lower blood sugar level more consistent with current therapeutic approaches, FPG >140 mg/dl (>7.8 mmol/l).[1,6,7] Long-term blood glucose control as measured by a mean HbA1c <7.0 percent was maintained for longer with rosiglitazone – 60 months versus 45 months with metformin and 33 months with glyburide.[1]

"With ADOPT, we now have clear evidence from a large international study that the initial use of rosiglitazone is more effective than standard therapies for type 2 diabetes in maintaining blood sugar control," said Dr Lawson Macartney, senior vice president, Cardiovascular and Metabolic Medicine Development Centre, GlaxoSmithKline. "ADOPT adds to the growing body of evidence released this year supporting the rationale for incorporating rosiglitazone as a cornerstone of treatment of type 2 diabetes by demonstrating patient benefits in terms of long-term

glucose control."

In ADOPT, rosiglitazone was reported to be generally well-tolerated among the large cohort of people with type 2 diabetes who were followed for up to six years. There was no significant difference between the rosiglitazone and metformin groups in treatment discontinuation, but the rate was higher for the glyburide group (44 percent in the glyburide group; 38 percent in the metformin group; 37 percent in the rosiglitazone group). This difference was driven largely by a higher level of withdrawals due to hypoglycaemia for people in the glyburide group.[1]

The same number of congestive heart failure (CHF) serious adverse events was reported with rosiglitazone (0.8 percent) as for metformin (0.8 percent), however, people given glyburide experienced a lower rate of CHF events (0.2 percent).[1]

After the five-year period of study, commonly reported adverse events across the treatment groups were oedema (rosiglitazone 14.1 percent, glyburide 8.5 percent; metformin 7.2 percent); weight gain (rosiglitazone 6.9 percent; glyburide 3.3 percent; metformin 1.2 percent); gastrointestinal side effects (metformin 38.3 percent; rosiglitazone 23.0 percent; glyburide 21.9 percent); and hypoglycaemia (glyburide 38.7 percent, metformin 11.6 percent; rosiglitazone 9.8 percent).[1]

Recent further analysis showed a lower rate of fractures reported as adverse events in women taking glyburide or metformin versus rosiglitazone (glyburide 3.5 percent; metformin 5.1 percent; rosiglitazone 9.3 percent), most commonly involving fractures of the foot and upper limb bones.[1] There was no observed difference among treatment groups in the number of fractures reported in men.[1] These observed fracture rates appear to be within the range seen in a literature-based review of observational studies in women with diabetes, and analysis of large managed care databases.[8-11] This evidence suggests that older women with type 2 diabetes are at increased risk of fractures.[8-11]

About ADOPT

ADOPT is an international, multi-centre, randomised, double-blind study involving 4,360 drug-naïve people who had been recently diagnosed with type 2 diabetes (≤3 years) at over 400 sites throughout North America and Europe. People included in the study were randomised to rosiglitazone, a sulphonylurea (glyburide), or metformin and titrated to the maximum daily effective doses (rosiglitazone 4 mg twice daily; metformin 1 g twice daily; glyburide 7.5 mg twice daily). These people were followed for four to six years to examine the long-term efficacy of each drug used as initial monotherapy on blood sugar control, insulin resistance and b-cell function. At the time of monotherapy failure, 99.3 percent, 98.6 percent and 99.0 percent of participants were receiving maximal doses of rosiglitazone, metformin and glyburide, respectively.[1]

When ADOPT was designed, HbA1c was not chosen as the primary outcome because the guidelines at the time focused largely on FPG.[12] Nevertheless, HbA1c data collected in the study as a secondary endpoint provided results, which are consistent with those for FPG and are applicable to current clinical practice.[1]

ADOPT was funded by GlaxoSmithKline.

About Rosiglitazone

Rosiglitazone belongs to the thiazolidinedione (TZD) class of drugs and is an approved treatment for type 2 diabetes that improves blood sugar control, enabling people to reach recommended blood sugar levels.[13] The addition of rosiglitazone to metformin and/or a sulphonylurea has been shown to help people with type 2 diabetes reach and maintain treatment goal, and findings from ADOPT support the long-term durability of rosiglitazone monotherapy.[13]

About Type 2 Diabetes

Type 2 diabetes is a chronic, progressive illness often linked to premature death, and affects approximately 230 million individuals worldwide, nearly 6 percent of the world's adult population. The IDF estimates that by 2025, more than 350 million people worldwide will

suffer from this disease.[14]

Type 2 diabetes occurs when the body does not respond properly to, or produce enough, insulin.[15] Over time, the chronic, progressive nature of type 2 diabetes makes it more difficult to maintain blood sugar levels and therefore, more than one medication may be required to reach recommended goals.[16,17] Keeping blood sugar levels in control is important in preventing diabetes-related conditions such as eye disease (blindness), kidney disease (kidney failure/dialysis), nerve damage, amputation, heart disease, stroke and peripheral vascular disease.[16,18-21] Such complications can decrease a person's quality of life and result in increased health care costs.[22] Untreated diabetes can lead to death. Every ten seconds, a person dies from diabetes-related causes.[23]

Important Information Regarding *Avandia* (rosiglitazone maleate)

Globally, prescribing information varies. Therefore, please refer to the product label in your country for complete information.

For full European prescribing information please consult the current rosiglitazone Summary of Product Characteristics.

About GlaxoSmithKline

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information, visit www.gsk.com.

Cautionary statement regarding forward-looking statements

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the Operating and Financial Review and Prospects in the company's Annual Report on Form 20-F for 2005.

Enquiries:

UK Media enquiries:	Philip Thomson	+44 (0) 208 047 5502
	Alice Hunt	+44 (0) 208 047 5502
	Gwenan White	+44 (0) 208 047 5502
US Media enquiries:	Nancy Pekarek	+1 215 751 7709
	Mary Anne Rhyne	+1 919 483 2839
	Patricia Seif	+1 215 751 7709
European Analyst/ Investor enquiries:	Anita Kidgell	+44 (0) 208 047 5542
	Jen Hill	+1 215 751 7199
	David Mawdsley	+44 (0) 208 047 5564
	Sally Ferguson	+44 (0) 208 047 5543
US Analyst/ Investor enquiries:	Frank Murdolo	+1 215 751 7002
	Tom Curry	+1 215 751 5419

References:

1. Kahn SE, Haffner, SM, Heise MA, Herman WH, Holman RR, Jones NP, Kravitz BG, Lachin JM, O'Neill C, Zinman B, Viberti G for the ADOPT Study Group. Glycemic Durability of Rosiglitazone, Metformin, or Glyburide Monotherapy. *N Eng J Med.*

2006,355 2427-2443 Published online on: December 4, 2006

2. Gerich JE. Redefining the clinical management of type 2 diabetes: matching therapy to pathophysiology *Eur J Clin Invest* 2002;32:46-53.

3. UKPDS Group. Intensive blood glucose control with sulphonylureas or insulin compared with conventional treatment and risk of coplications in patients with type 2 diabetes *The Lancet*. 1998,352.837-853.

4. UKPDS Group. Effect of intensive blood-glucose control with metformin on complications in overweight patients with type 2 diabetes. *The Lancet* 1998;352:854-865

5 American Diabetes Association. "Rapid Increase in the Use of Oral Antidiabetic Drugs in The United States 1990-2001 " *Diabetes Care*, Vol 26. 1852-1855, 2003.

6. Harris SB. Lank CN. Recommendations from the Canadian Diabetes Association 2003 guidelines for prevention and management of diabetes and related cardiovascular risk factors. *Can Fam Physician*. 2004; 50:425-433

7. Nathan DM, Buse JB, Davidson MB, et al. Management of hyperglycemia in type 2 diabetes: a consensus algorithm for the initiation and adjustment of therapy: a consensus statement from the American Diabetes Association and the European Association for the Study of Diabetes *Diabetes Care*. 2006; 29:1963-1972.

8. Schwartz AV, SellmeyerDE, Ensrud KE, Cauley JA, Tabor HK, Schreiner PJ, Black DM, Cummings SR. Older women with diabetes have an increased risk of fracture: a prospective study. *J Clin Endocrinol Metabol* 2001;86:32-38.

9. de Liefde II, van der Klift M, de Laet CE, van Daele PL, Hofman A, Pols HA. Bone mineral density and fracture risk in type 2 diabetes mellitus: the Rotterdam Study. *Osteoporos Int*. 2005;16:1713-1720.

10. Strotmeyer ES, Cauley JA, Schwartz AV, Nevitt MC, Resnick HE, BauerDC, Tylavsky FA, de Rekeneire N, Harris TB, Newman AB Nontraumatic fracture risk with diabetes mellitus and impaired fasting glucose in older white and black adults: the health, aging, and body composition study. *Arch Intern Med*. 2005;165:1612-1617.

11 Data on file

12. American Diabetes Association. Standards of medical care for patients with diabetes mellitus. *Diabetes Care*. 1998; 21::S23-S31.

13. *Avandia* Prescribing Information.

14. Unite for Diabetes (International Diabetes Federation). About diabetes Available at: http://www unitefordiabetes.org/assets/files/About_diabetes.pdf. Accessed on November 3, 2006.

15. Groop LC. Insulin resistance: The fundamental trigger of type 2 diabetes. *Diabetes, Obesity & Metabolism* 1999; 1 (Supplement 1):S1–S7.

16. Stratton IM, *et al*. Association of glycaemia with macrovascular and microvascular complications of type 2 diabetes (UKPDS 35): prospective observational study. *BMJ*. 2000:321:405-412.

17. Nathan DM. Initial management of glycemia in type 2 diabetes mellitus. *N Eng J Med*. 2002;347:1342-1349.

18. International Diabetes Federation. Fact Sheet: Diabetes and eye disease. Available at: http://www.idf.org/home/index.cfm?unode=C1CCADE9-4A03-4D17-A662-155B3ED59FDB. Accessed on November 3, 2006.

19. International Diabetes Federation. Fact Sheet: Diabetes and kidney disease. Available at: http://www.idf.org/home/index.cfm?unode=BB08E3D8-4036-4C06-B654-5DC24D158820. Accessed on November 3, 2006.

20. International Diabetes Federation. Complications of diabetes. Available at: http://www.idf.org/home/index.cfm?node=13. Accessed on November 3, 2006.

21. International Diabetes Federation. Fact Sheet: Diabetes and cardiovascular disease (CVD). Available at: http://www.idf.org/home/index.cfm?unode=FCC1DD60-2C39-4D3C-A3C0-85247F1678F3. Accessed on November 3, 2006.

22. Unite for Diabetes (International Diabetes Federation). The economic impact of diabetes. Available at: http://www.unitefordiabetes.org/assets/files/Diabetes_econ_impact.pdf.

Accessed on November 3, 2006

23. Unite for Diabetes (International Diabetes Federation). A United Nations Resolution on diabetes Available at: http://www.unitefordiabetes.org/assets/files/UNR_overview.pdf. Accessed on November 3, 2006